



THE  
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**BY EMAIL & BY POST**

22 May 2019

Supervision of Markets Division,  
Securities and Futures Commission,  
35/F, Cheung Kong Center,  
2 Queen's Road Central,  
Hong Kong

Dear Sirs,

**Joint Consultation Paper on enhancements to the OTC derivatives regulatory regime for Hong Kong**

I refer to the captioned Consultation, and I enclose the Law Society's Submissions on the subject matter for your attention.

Yours faithfully,



Assistant Director, Practitioners Affairs

Encl.



**Joint consultation paper on enhancements to the OTC derivatives regulatory regime for Hong Kong to – (1) mandate the use of Unique Transaction Identifiers for the reporting obligation, (2) revise the list of designated jurisdictions for the masking relief of the reporting obligation and (3) update the list of Financial Services Providers under the clearing obligation**

**The Law Society's Submissions**

The Hong Kong Monetary Authority (HKMA) and the Securities and Futures Commission (SFC) issued a joint consultation on further enhancements to the over-the-counter (OTC) derivatives regulatory regime in Hong Kong in April 2019. The Law Society makes the following submissions on the consultation questions posed.

*Q1. Do you have any comments or concerns about our proposals to mandate the use of UTIs<sup>1</sup> in OTC derivatives trade reporting, in particular, the interim measure and to allow counterparties to bilaterally agree on the responsibility to generate a UTI prior to adopting the list of factors recommended in the Technical Guidance? If you foresee any operational difficulties in implementing the proposals, please provide specific details.*

**Law Society's response:**

We have no comment on the proposals or the interim measures. We agree with the approach to align Hong Kong's implementation timeline with those timelines set by the Australian Securities and Investments Commission and the Monetary Authority of Singapore.

*Q2. Will you have any difficulties adopting the use of UTIs in OTC derivatives trade reporting in the proposed timelines as stated above? If so, please provide specific details.*

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<sup>1</sup> UTIs - Unique Transaction Identifiers

**Law Society's response:**

Not applicable.

***Q3. Do you have any comments or concerns about the proposed revision to the Designated List for the purposes of the masking relief?***

**Law Society's response:**

No comment.

***Q4. Are you aware of any jurisdiction which should not be removed from the Designated List<sup>2</sup>? If so, please provide specific details of the relevant legal or regulatory requirements with supporting information and other proof.***

**Law Society's response:**

No comment.

***Q5. Do you have any comments or concerns about our proposed implementation timeline to gazette the revised Designated List no earlier than 1 October 2019? If so, please provide specific details.***

**Law Society's response:**

No comment.

***Q6. Do you have any comments or concerns about our proposed snapshot approach to unmasking? If so, please provide the specific details of any operational difficulties you anticipate.***

**Law Society's response:**

No comment.

***Q7. Do you have any comments or concerns about our proposed updated FSP<sup>3</sup> List? If you do, please provide specific details.***

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<sup>2</sup> The list of jurisdictions designated by the SFC for the masking relief of the reporting obligation

<sup>3</sup> FSP - Financial Services Providers

**Law Society's response:**

On the basis that the additions to the FSP List will comprise only those entities referred to in the consultation paper, we expect the industry will have sufficient time implement the proposed effective date.

**The Law Society of Hong Kong  
21 May 2019**