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May 17, 2024

VIA ELECTRONIC TRANSMISSION

Hong Kong Monetary Authority
Financial Stability Surveillance Division
55/F Two International Finance Centre
8 Finance Street, Central
Hong Kong

Securities and Futures Commission
Supervision of Markets Division
54/F, One Island East
18 Westlands Road
Quarry Bay, Hong Kong

RE: Joint further consultation on enhancements to the OTC derivatives reporting regime for Hong Kong to mandate – (1) the use of Unique Transaction Identifier, (2) the use of Unique Product Identifier and (3) the reporting of Critical Data Elements

Dear Madam, Sir,

The Depository Trust & Clearing Corporation ("DTCC") appreciates the opportunity to respond to the Securities and Futures Commission ("SFC") and Hong Kong Monetary Authority's ("HKMA") Joint consultation paper on enhancements to the OTC derivatives reporting regime for Hong Kong ("Proposal") to mandate – (1) the use of Unique Transaction Identifier ("UTI"), (2) the use of Unique Product Identifier ("UPI")and (3) the reporting of Critical Data Elements ("CDE").

DTCC appreciates the HKMA and the SFC's efforts to update its derivatives reporting regime to incorporate relevant market developments and further harmonize to international standards. DTCC supports many of the proposed revisions and believes that, if finalized, they would increase derivatives market transparency while reducing operational complexities for market participants. Thank you for your consideration of these comments and DTCC look forward to further discussion on these important proposals.

Introduction

DTCC provides a wide range of post-trade services across the financial services industry. DTCC's Global Trade Repository ("GTR") service operates several trade repositories in North America, Europe, the United Kingdom, and Asia[1]. The GTR service, through locally registered, licensed, or designated trade repositories in multiple jurisdictions, provides transaction reporting services for over-the-counter (OTC) and exchange traded derivatives, processing over 18 billion messages annually, representing the majority of the OTC derivatives market. As the only industry-owned and user-governed global provider of trade reporting services, the GTR is uniquely positioned to identify and help address important operational and regulatory challenges and has been a long-term advocate for globally harmonized reporting requirements. DTCC has a history of providing post-trade processing for the derivatives markets globally beginning with trade matching for the purposes of electronic confirmation in 2003 and followed by the creation of its Trade Information Warehouse in 2006. DTCC has always been a strong advocate for risk mitigation, efficiency, and cost savings in derivatives markets. Specifically, DTCC has advocated for harmonization of reporting rules and processes, and standardization of reported terms to realize the goals of the G20, first expressed at the Pittsburgh Summit in 2009. DTCC believes global data standards, when applied uniformly across

[1] DTCC operates licensed trade repositories that provide recordkeeping and reporting to several jurisdictional regulators namely: MAS, ASIC, JFSA, CFTC, SEC, ESMA, FCA, FINMA, and the thirteen Canadian provinces and territories regulated at the provincial level. DTCC also provides agency reporting services in Hong Kong for relevant clients.

jurisdictions, facilitate the data consistency necessary for data aggregation and data sharing, providing transparency to the public and to regulators seeking to monitor systemic risk. DTCC also believes that a more consistent global approach to the reporting of data reduces the complexity of reporting, which benefits the industry through streamlined operational and compliance burdens, lowering costs. To this end, DTCC continues to encourage authorities globally to work on harmonizing their respective derivatives reporting requirements.

Critical Data Elements

DTCC fully supports the HKMA and the SFC's efforts to implement a very large subset of critical data elements. Key data elements and corresponding data specifications that align across jurisdictions creates the basis of a common data reporting vocabulary, which is necessary for cross border information sharing and data aggregation in support of systemic risk monitoring. DTCC believes that the proposed revisions to the trade data elements represent a noteworthy improvement over current requirements and could lead to more harmonized global reporting. Such purposeful harmonization could alleviate the costs and operational complexity associated with reporting and improve data quality by standardizing trade details necessary for understanding trading activity in the OTC derivatives market. DTCC also believes that these efforts further the G20's objective of creating a global reporting system that would enable regulators across jurisdictions to detect and mitigate systemic risk.

Standard identifiers

When it comes to identifiers, such as Legal Entity Identifiers ("LEI"), UTI, and UPI, DTCC believes that global adoption of the same identification paradigms is critical to allow for the aggregation of data across jurisdictions. DTCC applauds the HKMA and the SFC on that the use of LEI in the OTC derivative reporting has already been mandated in Hong Kong. DTCC also welcomes the HKMA and the SFC's refinement of the proposal on UTI implementation in Hong Kong following the 2019 Consultation Paper on UTI. As such, DTCC fully supports the HKMA and the SFC's proposal to mandate UPI for OTC derivative reporting in Hong Kong. DTCC encourages the HKMA and the SFC to engage with other regulatory bodies on these matters to achieve global harmonization on the implementation of these matters.

ISO 20022

CPMI-IOSCO suggested that the CDE should be defined and maintained in the ISO 20022 data dictionary, arguing that it will facilitate their inclusion into standardized messages and help participants program CDE into electronic messaging systems, thus encouraging a systematic approach to CDE implementation. In this regard, DTCC notes that other jurisdictions have selected or are contemplating using the ISO 20022 standards and messaging methodology for reporting to trade repositories ("TRs").

DTCC fully supports the HKMA and the SFC's move to adopt ISO 20022 standards, which is the global common data standard for reporting to TRs. DTCC believes a common data standard and technical format of reporting would be beneficial to keeping data consistent across TRs, as well as across jurisdictions.

DTCC notes that the ISO 20022 XML schema may need to be reviewed and updated to accommodate the HKMA and the SFC's specific data elements if not yet supported by the schema. Once the final message schemas are made available to market participants, a meaningful implementation period will be necessary to facilitate adoption.

Technical specifications and arrangements

The proposal is comprehensive in covering a full spectrum of the data harmonization and standardization requirements. However, the proposal does not specify the technical perspectives apart from specifying the format and allowable values of the proposed field list. Additional technical perspectives are critical for industry to prepare for implementation, such as the infrastructure required (such as the submission channels and connectivity options supported), technical restrictions (such as a maximum of 125 trade events can be submitted within a single file), and specific processing and handling performed the HKTR (such as the sequencing logic of trade events, linking and matching, non-amendable fields), technical

formats of end-of-day reports (CSV only as is today) and validation rules. As it is understood, these technical specifications and arrangements have been covered by the Application Interface Developer's Guide ("AIDG") maintained by the HKTR. While DTCC does not expect changes to a great majority of these technical perspectives, DTCC recommends that the AIDG be released as soon as possible, allowing sufficient lead time for industry to review and prepare for the implementation.

Bond Connect reporting

The HKTR platform currently supports the reporting of Bond Connect transactions, which include both the currency derivative transactions with two specific data fields designated for Bond Connect transactions, as well as the CNY currency conversions (i.e. Spot transactions) that are linked to Bond Connect transactions. The proposal does not address the Bond Connect reporting arrangement post the implementation Date, and thus DTCC believes it is reasonable to assume that there is no change to the reporting of the Bond Connect transactions to the HKTR. However, it would be beneficial to the industry if the HKMA could explicitly confirm as such. In addition, the HKTR's subsequent technical specifications especially data fields and ISO 20022 XML messages would need to be fit-for-purpose regarding Bond Connect reporting.

Conclusion

In addition to the above, DTCC offers the following more specific comments with respect to the Consultation, with responses to specific questions included in Appendix A.

DTCC appreciates the opportunity to respond to the consultation and would welcome the HKMA and the SFC's consideration of the views expressed in this letter. DTCC welcomes the opportunity to provide further detail on any of the matters discussed herein. If you have any questions or need further information, please contact me at

Yours sincerely

Appendix A

S/N	Question in Proposal	DTCC response
1.	The HKMA and the SFC are seeking views on the proposal to mandate the use of UTI in submitting transactions to the HKTR from 29 September 2025. If you foresee any operational difficulties in meeting the implementation timeline, please provide specific details.	DTCC is generally comfortable with the proposed implementation date. DTCC supports the proposal to mandate UTI on new transactions from the implementation date without further arrangement on the interim use of Unique Swap Identifier (USI) and Unique Trade ID (TID) on new transactions.
2.	Do you have any comments or concerns about the proposed steps for counterparties to determine the entity responsible for UTI generation? If you foresee any operational difficulties in implementing the proposals, please provide specific details.	While DTCC does not have concerns regarding the proposed steps for counterparties to determine the entity responsible for UTI generation, DTCC encourages the HKMA and the SFC to continue to work with other authorities to promote a globally consistent approach in the implementation of the UTI generation waterfall, especially for cross-jurisdiction transactions. DTCC believes pursuing a global consistency is critical in ensuring that the same UTI is used for the same transaction across borders.
3.	Do you have any comments or concerns about the proposals to require reporting entities to: (a) make reasonable efforts to provide or obtain a UTI in a timely manner; (b) report an interim-UTI where it is unable to obtain the UTI despite having made reasonable efforts; and © subsequently report the UTI within two business days after obtaining the UTI? If you foresee any operational difficulties in implementing the proposals or have other comments, please provide specific details.	DTCC is generally comfortable with the proposed requirements around the use of an interim UTI. DTCC believes that the HKMA and the SFC should consider providing additional guidance around the following areas to ensure that the practical approach to replacing an interim UTI is clarified for reporting entities: (1) Should the interim UTI be required to be reported using the field "Prior UTI" when resubmitting the new UTI for the purpose of maintaining lineage of the transaction? (2) What value should be used on the Action Type and Event Type when exiting the interim UTI, as well as when resubmitting the new UTI?
4.	The HKMA and the SFC are seeking views on the proposed approaches to the UPIs: (a) the proposal to fully adopt the UPI Technical Guidance and the ISO 4914 standard for the structure and format of UPI to be implemented in Hong Kong; and (b) the proposal to mandate the use of the UPI for the underlying derivatives of each submitted reportable transaction to the HKTR from 29 September 2025. If you foresee any operational difficulties in meeting the implementation timeline or have other comments, please provide specific details.	DTCC is supportive of the proposed mandate and approach on adopting UPI. While UTI is required to be paired and shared between counterparties, the proposal is not explicitly clear on whether UPI is required to be matched between the submissions to the HKTR from both counterparties. DTCC notes that it is generally expected globally that both counterparties should report a consistent UPI for the same transaction in dual reporting regimes or even across-border transactions. Thus clarity and guidance on this would be very useful for industry alignment and implementation.
5.	The HKMA and the SFC are seeking comments on the proposed data elements and their definitions, formats and allowable values as set out in Appendix B. If there	DTCC offers the following comments regarding the proposed data elements.

	are data elements that you consider should be excluded or modified, or that you foresee any operational difficulties in implementing the proposal, please provide specific details and elaborate on the rationale.	a) Field "Forward exchange rate" should be excluded. It is understood that an FX Swap transaction is to be reported as two separate transactions at leg level under the Hong Kong reporting regime, as evidenced by the field "Swap Link ID" in the proposed field list. With this understanding, the field "Forward exchange rate" should not be required, as seen in CFTC Rewrite as well as the APAC jurisdictions. The field "Forward exchange rate" is more of an EMIR specific field, where an FX Swap transaction is required to be reported as a single transaction. b) DTCC notices that the proposal includes both Collateral Portfolio Code and a pair of IM / VM Portfolio Codes. From globally and regionally, it is either Collateral Portfolio Code (EU-EMIR and UK-EMIRE) or the pair of the IM / VM Portfolio Codes (CFTC, ASIC, MAS, JFSA), but not both. DTCC believes that the HKMA and the SFC should review and implement either one but not both. c) DTCC notes that the format of "Prior UTI" field is specified to be the ISO 23897 Unique transaction identifier Varchar (52) in the proposal. DTCC believes a non-UTI identifier should be allowed on this field for scenarios involving a legacy trade such as going through a novation. Generally, for other jurisdictions, a transaction identifier that does not conform to UTI technical guidance is accepted on this field as the legacy trade may not have a UTI. Meanwhile, the ISO 20022 XML message allows up to 72 characters on this field as well. d) For field "Notional Schedule – Notional Amount", DTCC recommends that the negative value be allowed for Commodity transactions only, in line with "Notional Amount".
6.	Do you consider there are other data elements that the HKMA and the SFC should include in Appendix B? If so, please suggest the data elements together with the purposes, definitions, formats and allowable values of the suggested data elements.	No comments
7.	The HKMA and the SFC are seeking comments on the proposals regarding the above data elements for Hong Kong's reporting requirements. If you foresee any operational difficulties in implementing the proposal or have other comments, please provide specific details.	With the move to lifecycle event reporting approach, it is critical to have sufficient clarity and guidance on the usage of the two critical data elements Action Type and Event Type. There have been global efforts aiming to provide guidance around the use of the two fields, such as the CDE Technical Guidance which has

		recommended a tabular of allowed combinations of values for the two fields. In addition, DTCC also notes that CFTC and ESMA have provided a trade state diagram to illustrate the allowed sequence of Action Types, as seen in the EMIR Refit and CFTC Rewrite programs. DTCC would encourage the HKMA and SFC consider issuing similar guidance for the Hong Kong reporting regime.
8.	Do you foresee any difficulties in implementing the list of proposed data elements specified in Appendix B for OTC derivatives trade reporting on the implementation date? If so, please specify the data field(s) and provide specific details and reasons.	No comments
9.	Do you have any comments or concerns on the below? (a) The proposed approach of requiring re-reporting of live legacy transactions with maturity of more than one year as at the implementation date, and providing a six-month transition period for these reportable legacy transactions to be rereported; and (b) Are there any particular data fields that a reporting entity may find challenging in re-reporting a legacy transaction? If so, please specify the data field(s) and provide specific details.	DTCC is comfortable with the proposed approach of re-reporting a legacy transaction with maturity of more than one year and is supportive of the exclusion of UTI from the re-reporting requirement. DTCC notes that it is consistent with various rewrite programs globally that UTI is not required to be re-reported and instead, one of the legacy transaction identifiers is to be used for reporting a legacy trade throughout its lifecycle. DTCC notes that there are multiple transaction identifiers allowed today by the HKTR prior to the implementation date, including USI, TID and User Trade Reference. C clear guidance would help reporting entities determine the single legacy transaction identifier in a consistent manner for the re-reporting of the legacy transactions as well as reporting of the lifecycle events of the legacy transactions. Lastly, the proposal is not clear what Action Type and Event Type are to be used for re-reporting a legacy transaction. DTCC notes that generally MODI (Action Type) and UPDT (Event Type) is used for rereporting by other jurisdictions on their rewrite implementations.
10.	The HKMA and the SFC are seeking comments on the adoption of the ISO 20022 XML message standard for OTC derivatives reporting to the HKTR and on implementing ISO 20022 XML message standard at the same time when DTCC implement the UTI, UPI and CDE. If you foresee any operational difficulties in implementing the proposals, please provide specific details.	DTCC is supportive of the proposed "big-bang" approach of a single implementation. DTCC notes that the ISO 20022 XML messages may need to be reviewed and updated to accommodate the HKMA and the SFC's specific data elements if not yet supported by the schema. Once the final ISO message schemas are made available to market participants, a meaningful implementation period will be necessary to facilitate adoption.