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**Subcommittee on Six Pieces of Subsidiary Legislation Relating to  
Over-the-counter Derivative Transactions Gazetted on 5 February 2016**

**Background brief**

**Purpose**

This paper provides background information on the subsidiary legislation made under the Securities and Futures Ordinance (Cap. 571) ("SFO") for implementing the second stage of the regulatory regime for the over-the-counter ("OTC") derivatives market in Hong Kong. It also summarizes the major views and concerns expressed by Members when related matters were discussed by the committees of the Legislative Council ("LegCo") from 2010-2011 to 2015-2016.

**Background**

2. The global financial crisis of late 2008 highlighted the structural deficiencies in the OTC derivatives market, and the systemic risk it poses for the wider market and economy<sup>1</sup>. In the wake of the crisis, the Group of Twenty Leaders committed to reforms that would require, among others, (a) mandatory reporting of OTC derivative transactions to trade repositories ("TRs"); (b) mandatory clearing of standardized OTC derivative transactions through central counterparties ("CCPs"); and (c) mandatory trading of standardized OTC derivative transactions on exchanges or electronic trading platforms. The requirements aim to reduce counterparty risk, improve overall transparency, protect against market abuse, and ultimately enable regulators to better assess, mitigate and manage systemic risk in the OTC derivatives markets. The Hong Kong Monetary Authority ("HKMA") and Securities and Futures Commission ("SFC") issued a joint consultation paper on 17 October 2011 to

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<sup>1</sup> The absence of regulation and the bilateral nature of OTC derivative transactions rendered it difficult for regulators to assess OTC derivative positions held by market players in order to monitor the build-up of exposures that might threaten the market or the wider economy. The global nature of the transactions also contributed to the interconnectedness of market players thereby creating the potential of contagion risk.

invite public views on the proposed regulatory regime for the OTC derivatives market and released the consultation conclusions in July 2012.

3. The Government introduced the Securities and Futures (Amendment) Bill 2013 into LegCo in July 2013 to provide for a regulatory framework for the OTC derivatives market in Hong Kong. The framework introduces mandatory reporting, clearing and trading obligations of OTC derivative transactions, as well as related record keeping requirements. The Bill was passed by LegCo on 26 March 2014 and enacted as the Securities and Futures (Amendment) Ordinance 2014 ("Amendment Ordinance"). Details of the implementation of the regulatory framework are prescribed in the rules which are subsidiary legislation subject to the negative vetting procedure of LegCo.

### **Implementation of the first stage of the regulatory regime**

4. According to the Administration, the regulatory regime is to be implemented in stages. The first stage was implemented on 10 July 2015 when the following subsidiary legislation came into effect:

- (a) the Securities and Futures (Amendment) Ordinance 2014 (Commencement) Notice 2015 which brought into effect the provisions in the Amendment Ordinance relating to the general framework of the regulatory regime, and the mandatory reporting and related record keeping obligations;
- (b) the Securities and Futures (OTC Derivative Transactions – Reporting and Record Keeping Obligations) Rules ("Reporting Rules") which set out the details of the mandatory reporting and related record keeping obligations; and
- (c) the Securities and Futures (Stock Markets, Futures Markets and Clearing Houses) Notice which sets out the lists of prescribed stock and futures markets and clearing houses to exclude securities and futures contracts that are traded on these markets and cleared through these clearing houses from the scope of OTC derivatives regulatory regime.

5. The first stage of the regulatory regime introduced mandatory reporting for certain interest rate swaps ("IRSs") and non-deliverable forwards ("NDFs") in Hong Kong ("phase 1 reporting"). The key aspects of phase 1 reporting are summarized in the ensuing paragraphs.

## Reportable transactions and reporting obligations

6. Phase 1 reporting covers plain vanilla IRSs (fixed-to-floating swaps), plain vanilla basis swaps (floating-to-floating swaps) and NDFs, in currencies and floating rate indices specified by the Monetary Authority ("MA"). The obligation applies to authorized institutions ("AIs")<sup>2</sup>, approved money brokers ("AMBs"), licensed corporations ("LCs")<sup>3</sup> and CCPs that provide clearing services to persons in Hong Kong. These entities are more likely to play a predominant role in the OTC derivatives market in Hong Kong, acting as counterparties or conducting transactions on behalf of affiliates.

7. For AIs, AMBs and LCs, they are required to report transactions to which they are a counterparty or those they have conducted in Hong Kong on behalf of an affiliate. As far as CCPs are concerned, both recognized clearing houses ("RCHs") and providers of automated trading services ("ATS") authorized under SFO can act as CCPs to provide OTC derivatives clearing services to persons in Hong Kong. An RCH is required to report all transactions that it has entered into as a counterparty (as part of the clearing process)<sup>4</sup>, while persons authorized to provide ATS only have to report transactions where the other counterparty is a Hong Kong-incorporated company.

8. According to the Reporting Rules, reporting entities need to (a) report new transactions (i.e. reportable transactions entered into after the Reporting Rules come into effect); (b) backload historical transactions that are still outstanding (i.e. reportable transactions entered into before the Reporting Rules come into effect but which are still outstanding at that time)<sup>5</sup>, and (c) report any subsequent events relating to transactions that have been reported, such as changes in the terms of the transaction, partial terminations, etc.

## Exemptions

9. To reduce the compliance burden and avoid conflicting requirements, an AI, AMB and LC will be taken as in compliance with the reporting obligation in respect of a transaction that it has conducted in Hong Kong on behalf of an affiliate, if it has received in good faith a written confirmation from the affiliate that the affiliate has reported the transaction. In addition, there is an "exempt

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<sup>2</sup> An AI is a bank, restricted licence bank or a deposit-taking company as defined in the Banking Ordinance (Cap. 155).

<sup>3</sup> LCs refer to corporations licensed by SFC under SFO.

<sup>4</sup> Currently, OTC Clearing Hong Kong Limited is the only RCH offering clearing services for OTC derivatives.

<sup>5</sup> The backloading obligation only applies in respect of transactions to which the reporting entity is a counterparty. In other words, it does not apply to transactions that an AI, AMB or LC has conducted in Hong Kong on behalf of an affiliate. This is because the systems of an AI, AMB or LC normally do not have the capability to identify which of the past transactions of its affiliate were conducted in Hong Kong, and it would be disproportionately onerous to require all past transactions to be reported.

person" relief whereby AIs, AMBs and LCs that are small players and not active in the OTC derivatives market will be exempted from reporting transactions which they are counterparty to. However, the exemption will not apply if they have conducted transactions in Hong Kong on behalf of an affiliate, which is an indication that they are likely to be active players.

### Mandatory record keeping

10. In order for MA and SFC to effectively monitor the mandatory reporting regime, reporting entities are required to keep sufficient records to demonstrate compliance with their reporting obligation, and where applicable, to demonstrate that they are entitled to certain exemptions or reliefs. The relevant records should be kept until no earlier than five years after the transaction has matured or been terminated.

## **Proposals for the second stage implementation of the regulatory regime**

### Public consultation on the proposals

11. On 30 September 2015, HKMA and SFC jointly issued a consultation paper on the introduction of mandatory clearing ("phase 1 clearing") and expansion of the mandatory reporting obligation ("phase 2 reporting") under the OTC derivatives regulatory regime. The consultation conclusions were released in February 2016. According to the Administration, respondents generally supported the proposals, and HKMA and SFC have also modified some proposals in light of the feedback received. The major proposals for phase 1 clearing and phase 2 reporting are summarized below.

### Phase 1 clearing

#### *Transactions to be covered*

12. It is proposed that phase 1 clearing will cover certain plain vanilla IRSs, including fixed-to-floating swaps and basis swaps denominated in any of the G4 currencies (i.e. USD, EUR, GBP and JPY) and HKD with tenors from 28 days to 10 years, and overnight index swaps denominated in USD, EUR and GBP with tenors from seven days to two years.

13. Only transactions between major dealers will be covered. According to the Administration, major dealers with a presence in Hong Kong are likely to be AIs, AMBs and LCs, and major dealers outside Hong Kong are likely to be the overseas equivalents of AIs or LCs. These entities are referred to as "financial services providers" in the proposed mandatory clearing regime. Dealer-to-dealer transactions will be identified as follows: (a) the parties to the transaction must be an AI, AMB, LC or a financial services provider, and at

least one party must be an AI, AMB or LC; and (b) the AI, AMB or LC must have outstanding OTC derivative positions that exceed the stipulated threshold ("clearing threshold").

#### *Clearing threshold and timeframe*

14. The Administration proposes a threshold of US\$20 billion for the first two years after implementation of phase 1 clearing. For a local AI, AMB or LC, MA or SFC will look at all of the entity's outstanding positions in OTC derivative transactions other than deliverable foreign exchange ("FX") forwards and deliverable FX swaps. For an overseas AI, AMB or LC, only the positions booked in Hong Kong will be taken into account. It is proposed that a transaction which is subject to mandatory clearing must be cleared within one Hong Kong business day after entering into the transaction.

#### *Exemptions*

15. The following three exemptions are proposed in respect of the mandatory clearing obligation:

- (a) intra-group exemption – which aims to reduce compliance burden and is proposed having regard to the limited risk posed by transactions between affiliates within the same group. To enjoy this exemption, the two affiliates must be accounted for on a full basis in the consolidated financial statements of the holding company, their risk positions must be centrally managed, and MA or SFC (as applicable) must be notified of their identities in advance;
- (b) jurisdiction-based exemption – which aims to address concerns about conflicting obligations that may apply to market participants operating in closed markets where transactions may have to be cleared by a CCP located in those markets but which is not a designated CCP under the Hong Kong regime. The exemption will apply to transactions booked by a person in pre-identified overseas jurisdictions, provided that the person has notified MA or SFC (as applicable) which jurisdictions it wishes to treat as "exempt jurisdictions", and the notional amount of its OTC derivative positions booked in such exempt jurisdiction(s) does not exceed a certain portion<sup>6</sup> of its total OTC derivatives portfolio; and

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<sup>6</sup> The limits are 5% in respect of each exempt jurisdiction, and 10% in respect of all exempt jurisdictions collectively.

- (c) exemption for transactions resulting from a multilateral portfolio compression cycle ("MPCC") – MPCC is a process whereby transactions entered into by different persons are modified, or terminated and replaced with other transactions. MPCC is a risk mitigation tool used by the industry to reduce the notional value of transactions and reduce counterparty exposures among participants. In order not to discourage this practice, the Administration proposes to exempt transactions that are created or amended due to MPCC, where the original transactions are themselves not subject to the clearing obligation.

## Phase 2 reporting

### *Product scope*

16. Under phase 2 reporting, the reporting requirement is proposed to be expanded to cover all interest rate derivatives and FX derivatives not covered in phase 1 reporting, as well as other OTC derivative products (including equity derivatives, credit derivatives and commodity derivatives). The reporting obligation will apply to new transactions (entered into after the subsidiary legislation comes into effect), and old transactions which are still outstanding at that time.

### *Information to be reported*

17. The scope of transaction information to be reported will be expanded and include reporting of daily valuations. For transactions already reported under phase 1 reporting, market participants will only have to backload transaction information within the expanded scope (i.e. the transaction information not reported under phase 1 reporting but required to be reported under phase 2 reporting). Such backloading requirement will not apply in respect of transactions that will be maturing within a year of implementation (i.e. before 1 July 2018).

## **Six pieces of subsidiary legislation made under the Securities and Futures Ordinance**

18. The following six pieces of subsidiary legislation for implementing the second stage of the OTC regulatory regime were published in the Gazette on 5 February 2016 and tabled before LegCo on 17 February 2016:

- (a) Securities and Futures (Amendment) Ordinance 2014 (Commencement) Notice 2016 – to appoint 1 September 2016 as the date on which the provisions in the Amendment Ordinance

relating to mandatory clearing and related record keeping obligations will commence;

- (b) Securities and Futures (OTC Derivative Transactions – Clearing and Record Keeping Obligations and Designation of Central Counterparties) Rules ("Clearing Rules") – to set out the details of the mandatory clearing and related record keeping obligations as well as designation of CCPs<sup>7</sup>;
- (c) Securities and Futures (OTC Derivative Transactions – Reporting and Record Keeping Obligations) Rules (Commencement) Notice – to appoint 1 September 2016 as the starting date for reporting obligation for CCPs that are authorized to provide ATS in respect of OTC derivative products;
- (d) Securities and Futures (OTC Derivative Transactions – Reporting and Record Keeping Obligations) (Amendment) Rules 2016 – to set out the details of the expanded scope of mandatory reporting and related record keeping obligations<sup>8</sup>;
- (e) Securities and Futures (OTC Derivative Transactions Reporting Obligation – Fees) Rules – to require the payment of a fee to MA for using the Hong Kong Trade Repository ("HKTR") operated by or on behalf of MA for submitting reports on OTC derivative transactions<sup>9</sup>; and
- (f) Securities and Futures (Fees) (Amendment) Rules 2016 – to set out the application fee for CCP designation and annual fees in respect of designated CCPs<sup>10</sup>.

19. The major provisions of the six pieces of subsidiary legislation are explained in paragraphs 30 to 35 of the LegCo Brief (File Ref: SF&C/1/2/11/6C) and paragraphs 8 to 22 of the Legal Service Division Report on the subsidiary legislation (LC Paper No. LS33/15-16).

## **Major views and concerns expressed by Members**

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<sup>7</sup> The Rules cover the types of OTC transactions subject to clearing, and the circumstances and timeframe for clearing the transactions. The Rules will commence on 1 September 2016.

<sup>8</sup> The product scope will be expanded to cover all transactions in interest rate derivatives, FX derivatives, equity derivatives, credit derivatives, and commodity derivatives. The Rules will commence on 1 July 2017.

<sup>9</sup> The fee is set at \$4.5 per transaction each month. The Rules will commence on 1 May 2016.

<sup>10</sup> The application fee and the annual fee for a designated CCP is \$10,000 respectively. The Rules will commence on 1 September 2016.

20. Matters relating to the OTC derivatives regulatory regime were discussed at the meetings of the Panel on Financial Affairs ("FA Panel") (on 3 January 2011, 2 April 2012, 4 March 2013 and 5 January 2015), the Bills Committee on Securities and Futures (Amendment) Bill 2013, and the Subcommittee on Three Pieces of Subsidiary Legislation Relating to Over-the-counter Derivative Transactions. The Administration further briefed FA Panel on the proposals relating to phase 1 clearing and phase 2 reporting on 2 November 2015. The major views and concerns expressed by Members are summarized in the ensuing paragraphs.

#### Scope of the mandatory reporting and clearing requirements

21. Members expressed concern about the initial product coverage of the mandatory reporting and clearing obligations as they might capture only a small volume of OTC derivatives transactions. The Administration advised that certain OTC derivatives, such as equity derivatives and FX derivatives, were not covered at the initial stage because they were difficult to achieve standardization, which was a prerequisite for centralized clearing. Besides, the majority of FX derivatives involved short-term FX swaps whose risk was relatively low. Depending on the development in the international arena, the regulators would consider regulating OTC equity derivatives and some long-term FX derivatives at a later stage.

22. Members noted that AIs, AMBs and LCs or the overseas equivalents of AIs and LCs were proposed to be covered under phase 1 clearing if they had outstanding transactions exceeding the proposed thresholds. Given that these entities had different scales of operation, concern was raised about fairness to smaller market players as they were subject to the same requirements as large market players. Members considered that the Administration should strike a balance between enhancing regulation of the OTC derivatives market and containing compliance costs on market players. They called on the Administration to examine the cost impact of the proposed requirements on different market participants.

23. SFC responded that in phase 1 clearing, only transactions between major dealers would be covered. It was expected that major dealers with a presence in Hong Kong were likely to be AIs, AMBs and LCs. Therefore, transactions subject to mandatory clearing would be identified based on two criteria: (a) the parties to a transaction must be an AI, AMB, LC or the overseas equivalent of an AI or LC, and at least one party must be an AI, AMB or LC; and (b) both parties to the transaction must have outstanding OTC derivative positions that exceeded the stipulated clearing thresholds. The proposed clearing thresholds were set at high levels so that only major dealers, including the 16 largest global dealers and dealers which were systemically important in the local context, would be captured. Implementation of phase 1 clearing would help prevent regulatory arbitrage by the major global dealers.



24. In response to Members' enquiry about the timetable for reviewing phase 1 clearing, SFC responded that SFC and HKMA would conduct a review on the new requirements in late 2016 or early 2017 the earliest, including the need to adjust the clearing thresholds downward for bringing more market participants under the mandatory clearing regime. Factors to be taken into account in the review would include the prevailing market situation, market responses to phase 1 clearing, and views received during the relevant consultation.

#### Reporting subsequent events

25. Noting that reporting entities would be required under the Reporting Rules to report subsequent events relating to transactions that have been reported, Members asked if there was a clear definition of "subsequent event" and whether a reporting entity would need to report all events that occurred on the same day.

26. The Administration advised that different OTC derivative transactions might have different situations which fell under the definition of "subsequent event". Specific details were usually set out in the agreement signed between the parties in a transaction. When more than one subsequent event occurred on the same day, the prescribed person was only required to submit the transaction information once for that day provided that the transaction information submitted incorporated all of the subsequent events that occurred on that day. This was to provide flexibility in reporting as some prescribed persons might report subsequent events one by one while others may report such events summarily once a day.

#### Concerns about multiple reporting

27. Members expressed concern about multiple reporting on OTC derivative transactions to regulators of various jurisdictions which would increase compliance costs on the industry. Members noted that some market participants suggested that besides allowing reporting to HKTR through third parties or agents, such as global TRs, HKMA should explore the feasibility of recognizing global TRs<sup>11</sup> to mitigate the cost burden on the industry.

28. The Administration responded that it was necessary for HKMA and SFC to have effective and efficient access to OTC derivative transaction information to ensure their effective surveillance and monitoring work. HKTR would facilitate the management of adequate amount of trade reports, instead of relying primarily on data sharing by overseas TRs or regulators. To address the concerns of reporting entities, there were linkages with major global TRs

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<sup>11</sup> If HKMA recognizes global TRs, parties required to report their OTC derivatives transactions can report to the global TRs and no longer needs to report to HKTR.

and regular dialogue with the industry so that prescribed persons could readily entrust global TRs to file reports to HKMA on their behalf. To enhance efficiency of reporting entities in outsourcing their reporting obligation to agents, HKMA had been in close contact with reporting agents that were global TRs advising them on the essential information and contributions required from them to support the outsourcing applications.

29. Members were concerned about the compliance burden arising from mandatory reporting and clearing of OTC derivative transactions conducted between two companies which did not involve banks or financial institutions ("FIs"). HKMA pointed out that the counterparties for non-FIs in OTC derivative transactions in Hong Kong or overseas were mainly banks or FIs, and very few of such transactions were conducted between non-FIs. To minimize reporting burden, non-FIs would have to report reportable transactions to which they were counterparties only if their positions exceeded the reporting threshold. If non-FIs' OTC derivative transactions involved a prescribed person (e.g. an AI, LC or AMB), they would be exempted from the reporting obligation. Similarly, non-FIs that were counterparties to a clearing-eligible transaction would be required to clear such transaction through a CCP if the transactions of both the non-FIs and their counterparties had exceeded the clearing threshold.

#### Data privacy protection

30. While Members supported the sharing of information on OTC derivatives activities stored in HKTR among market participants in a transparent and fair manner, they were concerned about the protection of privacy of parties involved in OTC derivative transactions, in particular HKMA might receive information on such transactions from reporting entities who were individuals. Members also sought information on the international standards and practices on the sharing of data stored in TRs among overseas regulators and TRs.

31. The Administration pointed out that HKMA would adhere to international standards whereby public disclosure of the data collected from mandatory reporting via TRs would be made in summary form without showing the particulars of individual transactions, and the data would be handled with care. To comply with the reporting obligation, a reporting entity would have to become a member of HKTR and sign an agreement with HKMA. HKTR explicitly required that no personal data should be reported. In compliance with the Personal Data (Privacy) Ordinance (Cap. 486), HKTR set out its policies and practices with regard to personal data to be collected from an individual in a personal information collection statement which would be available at HKTR's website.

32. Members noted that under the Reporting Rules, when reporting transaction information, a reporting entity might submit counterparty-masking

particulars<sup>12</sup> instead of counterparty-identifying particulars in relation to a counterparty to a transaction if (a) the submission of counterparty-identifying particulars was prohibited in a jurisdiction, and (b) that jurisdiction had been designated by SFC with HKMA's consent. Members sought information on the jurisdictions which prohibited the submission of counterparty-identifying particulars.

33. The Administration advised that as designated by SFC, 18 jurisdictions had data privacy laws which prohibited a prescribed person from revealing particulars of counterparties to specified OTC derivative transactions. Other jurisdictions such as Singapore, the United States and Australia also provided similar masking relief.

#### Exemptions and exclusions

34. Members noted that under the Reporting Rules, an AI, AMB or LC would be able to enjoy an "exempt person" relief and be exempted from the reporting obligations if the sum of the notional amounts of all its OTC derivative transactions within a product class was below US\$30 million and it did not conduct any OTC derivative transactions in that product class in Hong Kong on behalf of an affiliate or a branch outside Hong Kong. Members enquired about the basis for setting the ceiling at US\$30 million and whether a point in time or period would be specified for the purpose of calculating the notional amounts of outstanding OTC derivative transactions to determine a prescribed person's eligibility to the "exempt person" relief.

35. The Administration advised that the purpose of the exemption was to reduce compliance burden on small and inactive players and the ceiling of US\$30 million was determined having taken into account the prevailing situations in the OTC derivatives market and the industry views. A prescribed person would be exempted from the mandatory reporting requirements so long as the aggregate notional amounts of relevant OTC derivative transactions that were outstanding at any time did not exceed US\$30 million<sup>13</sup>. According to the estimation of HKMA and SFC, if the ceiling of US\$30 million was adopted, 8.2% and 1.5% of all AIs and LCs would enjoy the relief in respect of IRS and NDF transactions respectively<sup>14</sup>.

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<sup>12</sup> Counterparty-masking particulars are defined as the particulars of a counterparty to a specified OTC derivative transaction which describe the counterparty in a way that prevents the ascertainment of the identity of the counterparty.

<sup>13</sup> As the mandatory reporting obligation will be expanded in phase 2 reporting, the "exempt person" relief will need to be extended likewise to cover the whole spectrum of OTC derivative products. However, it may be confusing and administratively burdensome to market participants if this relief were to continue to apply on a product class basis. The Administration therefore proposes that, under phase 2 reporting, the US\$30 million limit will apply across all product classes collectively.

<sup>14</sup> According to the Administration, no AMB had positions in IRS or NDF.

36. Some Members raised concern as to why sovereign states were excluded from the mandatory reporting obligation. The Administration pointed out that other jurisdictions had adopted a similar approach in excluding sovereign states. OTC derivative transactions conducted directly between sovereign states did not involve prescribed persons as counterparties and hence there would be no direct systemic implications arising from such transactions to the OTC derivatives market in Hong Kong. If the counterparty of a sovereign state in a reportable transaction is a prescribed person, the prescribed person would be required to report such transactions.

#### Mandatory record keeping

37. Members noted that reporting entities of OTC derivative transactions would be required to keep sufficient records to demonstrate compliance with their reporting obligations, and the proposed record retention period was five years from the date the transaction matured or was terminated. Members enquired whether the Administration would align the record retention period with the usual requirement of seven years under other local legislation.

38. The Administration advised that when preparing the Reporting Rules, HKMA and SFC were mindful of the cost impact on the industry, and the need to strike a balance between enhancing regulation and keeping compliance costs at a reasonable level. Hong Kong was on a par with the practices of other major financial markets to require keeping of OTC derivative transaction records for five years. Given the global nature of OTC derivatives market, it was necessary to align the record retention period with those of other major financial centres in order to facilitate compliance by market players.

#### **Recent development**

39. At the House Committee meeting on 26 February 2016, Members agreed that a subcommittee should be formed to study the six pieces of subsidiary legislation.

#### **Relevant papers**

40. A list of relevant papers is in the **Appendix**.



## List of relevant papers

Date	Event	Paper/Minutes of meeting
3 January 2011	Meeting of the Panel on Financial Affairs ("FA Panel")	<a href="#">Discussion paper</a> (LC Paper No. CB(1)763/10-11(02))  <a href="#">Minutes</a> (LC Paper No. CB(1)1336/10-11)
October 2011	Consultation paper jointly issued by the Hong Kong Monetary Authority ("HKMA") and Securities and Futures Commission ("SFC") on the proposed regulatory regime for the over-the counter ("OTC") derivatives market in Hong Kong	<a href="#">Consultation paper</a>
2 April 2012	Meeting of the FA Panel	<a href="#">Discussion paper</a> (LC Paper No. CB(1)1411/11-12(05))  <a href="#">Minutes</a> (LC Paper No. CB(1)2028/11-12)
July 2012	Consultation conclusions jointly published by HKMA and SFC on the proposed regulatory regime for the OTC derivatives market in Hong Kong	<a href="#">Consultation conclusions</a>
July 2012	HKMA and SFC issued a joint supplemental consultation paper on the OTC derivatives regime for Hong Kong – proposed scope of new/expanded regulated activities and regulatory oversight of systematically important players	<a href="#">Joint supplemental consultation paper</a>

<b>Date</b>	<b>Event</b>	<b>Paper/Minutes of meeting</b>
4 March 2013	Meeting of the FA Panel	<a href="#">Discussion paper</a> (LC Paper No. CB(1)599/12-13(03))  <a href="#">Minutes</a> (LC Paper No. CB(1)1131/12-13)
28 June and 10 July 2013	Gazettal of the Securities and Futures (Amendment) Bill 2013 and introduction of the Bill into the Legislative Council ("LegCo")	<a href="#">The Bill</a>  <a href="#">Legislative Council Brief on Securities and Futures (Amendment) Bill 2013</a> (File Ref: SUB 12/2/7 (2013))  <a href="#">Legal Service Division report on the Bill</a> (LC Paper No. LS71/12-13)
July 2013 to February 2014	The Bills Committee on Securities and Futures (Amendment) Bill 2013 scrutinized the Bill	<a href="#">Report of the Bills Committee</a> (LC Paper No. CB(1)1112/13-14)
September 2013	HKMA and SFC issued joint supplemental consultation conclusions on the OTC derivatives regime in Hong Kong – proposed scope of new/expanded regulated activities and regulatory oversight of systematically important players	<a href="#">Joint supplemental consultation conclusions</a>
26 March 2014	LegCo passed the Securities and Futures (Amendment) Bill 2013  (i.e. enacted as the Securities and Futures (Amendment) Ordinance 2014 ("Amendment Ordinance"))	<a href="#">Hansard</a>

<b>Date</b>	<b>Event</b>	<b>Paper/Minutes of meeting</b>
July 2014	HKMA and SFC issued a joint consultation paper on the Securities and Futures (OTC derivative Transactions – Reporting and Record Keeping) Rules ("Reporting Rules")	<a href="#">Consultation paper</a>
November 2014	HKMA and SFC issued consultation conclusions and further consultation paper on the Reporting Rules	<a href="#">Consultation conclusions</a> (including the further consultation paper)
5 January 2015	Meeting of the FA Panel	<a href="#">Discussion paper</a> (LC Paper No. CB(1)269/14-15(04))  <a href="#">Minutes</a> (LC Paper No. CB(1)697/14-15)  <a href="#">Follow-up paper provided by the Administration</a> (LC Paper No. CB(1)476/14-15(02))
15 May 2015	HKMA and SFC issued conclusions on further consultation on the Reporting Rules	<a href="#">Consultation conclusions</a>
20 May 2015	The first batch of subsidiary legislation relating to OTC derivative transactions was tabled at LegCo	<a href="#">Legislative Council Brief</a> (File Ref: SF&C/1/2/11/6C)  Legal Service Division reports ( <a href="#">LC Paper No. LS66/14-15</a> ) (paragraphs 40 to 51) and ( <a href="#">LC Paper No. LS70/14-15</a> )
June 2015	The Subcommittee on Three Pieces of Subsidiary Legislation Relating to Over-the-counter Derivative Transactions scrutinized the subsidiary legislation	<a href="#">Report of the Subcommittee</a> (LC Paper No. CB(1)1032/14-15)



<b>Date</b>	<b>Event</b>	<b>Paper/Minutes of meeting</b>
30 September 2015	HKMA and SFC issued a joint consultation paper on introducing mandatory clearing and expanding mandatory reporting	<a href="#">Consultation paper</a>
2 November 2015	Meeting of the FA Panel	<a href="#">Discussion paper</a> (LC Paper No. CB(1)57/15-16(03))  <a href="#">Minutes</a> (LC Paper No. CB(1)697/14-15) (paragraphs 9 to 24)
5 February 2016	HKMA and SFC issued consultation conclusions and further consultation on introducing mandatory clearing and expanding mandatory reporting	<a href="#">Consultation conclusions</a>
17 February 2016	The second batch of subsidiary legislation relating to OTC derivative transactions was tabled at LegCo	<a href="#">Legislative Council Brief</a> (File Ref: SF&C/1/2/11/6C)  <a href="#">Legal Service Division report</a> (LC Paper No. LS33/15-16) (paragraphs 7 to 24)