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Panel on Financial Affairs

Meeting on 2 November 2015

Background brief on the over-the-counter derivatives regulatory regime in Hong Kong

Purpose

This paper provides background information on the regulatory regime for the over-the-counter ("OTC") derivatives market in Hong Kong and the first phase of implementation of the regulatory regime. It also summarizes the views and concerns expressed by Members when related matters were discussed by the committees of the Legislative Council ("LegCo") from 2011 to 2015.

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[1]. 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. These 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 market. The Hong Kong Monetary Authority ("HKMA") and Securities and Futures Commission ("SFC") issued a joint consultation paper on

[1] 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.

17 October 2011 to invite public views on the proposed regulatory regime for the OTC derivatives market. The joint consultation conclusions paper was released in July 2012 together with a supplemental public consultation on the proposed licensing regime for the new or expanded regulated activities and the oversight on systematically important participants[2].

The Securities and Futures (Amendment) Ordinance 2014

3. The Securities and Futures (Amendment) Bill 2013, which received its First Reading at LegCo on 10 July 2013, sought to provide for a regulatory framework for the OTC derivatives market in Hong Kong. Apart from enabling the mandatory reporting, clearing and trading of OTC derivative transactions, the framework introduces a record keeping requirement to supplement the implementation of the abovementioned obligations. 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. The key aspects of the regulatory regime under the Amendment Ordinance are highlighted in **Appendix I**.

4. According to the Administration, the regulatory regime would be implemented in phases. The provisions in the Amendment Ordinance relating to mandatory reporting and related record keeping obligations as well as the general framework of the regulatory regime were brought into effect on 10 July 2015 by the Securities and Futures (Amendment) Ordinance 2014 (Commencement) Notice 2015 ("Commencement Notice").

The Securities and Futures (OTC derivative Transactions – Reporting and Record Keeping) Rules and Securities and Futures (Stock Markets, Futures Markets and Clearing Houses) Notice

5. To commence the mandatory reporting and related record keeping obligations of the regulatory regime, SFC and the Financial Secretary respectively made the Securities and Futures (OTC Derivative Transactions – Reporting and Record Keeping Obligations) Rules ("Reporting Rules") and the Securities and Futures (Stock Markets, Futures Markets and Clearing Houses) Notice ("Prescription Notice"), both of which also came into operation on 10 July 2015.[3] The Reporting Rules set out the details of the mandatory reporting

[2] Systematically important participants are market participants which are not licensed or registered with either HKMA or SFC but whose positions and activities in the OTC derivatives market are so large that they may nevertheless raise concerns of potential systemic risks.

[3] The Subcommittee on Three Pieces of Subsidiary Legislation Relating to Over-the-counter Derivative Transactions was formed under the House Committee to scrutinize the Commencement Notice, Reporting Rules and Prescription Notice.

and related record keeping obligations. The Prescription Notice 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 the term "OTC derivative product", so that such contracts will not be subject to the OTC derivatives regulatory regime. The key aspects of the first phase of implementation are summarized in the ensuing paragraphs.

Reportable transactions and reporting obligations

6. During the initial stage of the regulatory regime, the mandatory reporting obligation covers certain types of interest rate swaps ("IRSs") and non-deliverable forwards ("NDFs") [4], including plain vanilla IRS (fixed-to-floating swap), plain vanilla basis swap (floating-to-floating swap) and NDF, in currencies and floating rate indices specified by the Monetary Authority ("MA"). In the initial phase, the obligation applies to authorized institutions ("AIs")[5], approved money brokers ("AMBs"), licensed corporations ("LCs")[6] and CCPs that provide clearing services to persons in Hong Kong, as such 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 the Securities and Futures Ordinance (Cap. 571) ("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)[7], 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

[4] According to survey data, foreign exchange ("FX") derivatives (including NDF and interest rate derivatives (many of which are IRS)) account for over 90% of the OTC derivatives market in Hong Kong. Most FX derivatives transactions are short-dated, and hence their risk exposure is limited to a short period of time. Moreover, such transactions are generally settled through the Continuous Linked Settlement system which lowers the settlement risk. In line with international practice and having regard to the above, the Administration plans to implement the product scope of the reporting obligation in phases.

[5] An AI is a bank, restricted licence bank or a deposit-taking company as defined in the Banking Ordinance (Cap. 155).

[6] LCs refer to corporations licensed by SFC under the Securities and Futures Ordinance (Cap. 571).

[7] Currently, OTC Clearing Hong Kong Limited is the only RCH offering clearing services for OTC derivatives.

outstanding (i.e. reportable transactions entered into before the Reporting Rules come into effect but which are still outstanding at that time)[8], 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. The specific types of information to be reported are set out in Schedule 1 to the Reporting Rules.

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 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 that 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.

Concession period and grace period for mandatory reporting

10. There is an initial concession period of six months to ensure that reporting entities have enough time to set up the necessary system connection. There will be a further period of three months thereafter (i.e. a "grace period" of a total of nine months) for reporting entities to complete any backloading. This is to ensure reporting entities have sufficient time to sort out and upload historical reportable transactions.

Mandatory record keeping

11. 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 obligations, 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.

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[8] 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.

Concerns and views expressed by Members

12. 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 major views and concerns expressed by Members at these meetings are summarized in the ensuing paragraphs.

Stakeholder engagement for subsidiary legislation and alignment with international standards

13. Given that the details of the regulatory regime and the requirements will be set out in subsidiary legislation, Members urged the Administration and the regulators to consult stakeholders on the detailed rules as soon as possible. They further stressed the need for the relevant rules and requirements to align with the international standards, with a view to avoiding potential conflicts with similar rules in other jurisdictions and adverse impact on the liquidity and efficiency of the OTC derivatives market in Hong Kong, as well as minimizing the risk of regulatory arbitrage and compliance cost on market participants.

14. HKMA and SFC pointed out that they were mindful of the need to strike a balance between strengthening regulation and reducing compliance burden on the industry, and would strive to facilitate a smooth implementation of the reform, introduce appropriate transitional arrangements for the new licensing requirements, and minimize conflicting requirements. The regulators would continue to liaise with overseas regulatory bodies and engage the local financial services industry, and would also take into account the relevant international standards, regulations and rules of other major jurisdictions.

Coverage of the mandatory reporting and clearing requirements

15. Given that the mandatory reporting and clearing requirements initially would apply only to IRSs and NDFs, Members were concerned about the product coverage of the requirements. The Administration advised that other OTC derivatives such as equity derivatives and foreign exchange ("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.

Reporting subsequent events

16. 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.

17. 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

18. 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 the Hong Kong Trade Repository ("HKTR") through third parties or agents, such as global TRs, HKMA should explore the feasibility of recognizing global TRs[9] to mitigate the cost burden on the industry.

19. 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 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.

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[9] 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.

20. 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. HKMA pointed out that the counterparties for non-financial institutions in OTC derivative transactions in Hong Kong or overseas were mainly banks or financial institutions, and very few of such transactions were conducted between non-financial institutions. To minimize reporting burden, non-financial institutions would have to report reportable transactions to which they were counterparties only if their positions exceeded the reporting threshold. If non-financial institutions' OTC derivative transactions involved a prescribed person (e.g. an AI, LC or AMB), they would be exempted from the reporting obligation. Similarly, non-financial institutions 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-financial institutions and their counterparties had exceeded the clearing threshold.

Data privacy protection

21. 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.

22. 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 to 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.

23. Members noted that under the Reporting Rules, when reporting transaction information, a reporting entity might submit counterparty-masking particulars[10] instead of counterparty-identifying particulars in relation to a

[10] 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.

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.

24. 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

25. 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.

26. 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. 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[11].

27. 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

[11] According to the Administration, no AMB had positions in IRS or NDF.

transaction is a prescribed person, the prescribed person would be required to report such transactions.

Mandatory record keeping

28. 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.

29. 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.

Latest development

30. The Administration will consult FA Panel, at the meeting on 2 November 2015, on the next phase of implementation of the Amendment Ordinance including the legislative proposals for the implementation of mandatory clearing and expanded reporting.

31. On 30 September 2015, HKMA and SFC jointly issued a consultation paper on the introduction of the first phase of mandatory clearing and the second phase of mandatory reporting under the OTC derivatives regulatory regime. The consultation period will end on 30 November 2015.

Relevant papers

32. A list of relevant papers is in **Appendix II**.

Council Business Division 1
Legislative Council Secretariat
28 October 2015

Appendix I

Key aspects of the regulatory regime for the over-the-counter derivatives market

Legislative framework and persons covered

(a) A broad regulatory framework for the regulation of the over-the-counter ("OTC") derivatives market is set out in the Securities and Futures Ordinance (Cap. 571) ("SFO"), with details prescribed in the rules (i.e. subsidiary legislation) to be made by the Securities and Futures Commission ("SFC") with the consent of the Hong Kong Monetary Authority ("HKMA") and after consultation with the Financial Secretary ("FS").

Joint oversight by HKMA and SFC

(b) The regime is jointly overseen and regulated by HKMA and SFC, with HKMA regulating the OTC derivatives activities of authorized institutions ("AIs") and approved money brokers ("AMBs"), and SFC regulating such activities of licensed corporations ("LCs") and other prescribed persons (such persons to be prescribed by subsidiary legislation).

(c) HKMA has been given new powers under SFO to investigate breaches of mandatory obligations by AIs and AMBs, and to take disciplinary action against them for such breaches. SFC's investigation and disciplinary powers under SFO have also been extended to cover breaches of the mandatory obligations by other persons, including LCs.

Mandatory obligations and penalties

(d) The regulatory framework covers mandatory reporting, clearing and trading obligations. These obligations apply to "prescribed persons", i.e. AIs, AMBs, LCs and others that are prescribed by subsidiary legislation; and in respect of those OTC derivative transactions that are specified in subsidiary legislation. Mandatory trading obligation will not be implemented at the outset pending further study of local market conditions, in particular the liquidity level and number of trading venues in the market.

(e) The mandatory reporting and clearing obligations initially cover certain types of interest rate swaps and non-deliverable forwards specified in subsidiary legislation as they are the major types of OTC derivative transactions conducted in Hong Kong and are capable of standardization. The obligations will be extended in phases to cover other types of transactions and products to be determined by HKMA and SFC after public consultation and consultation with FS.

Mandatory reporting

(f) AIs, AMBs, LCs and other prescribed persons are required to report certain OTC derivative transactions (as specified in the rules, "reportable transactions") to HKMA. The reporting obligation applies irrespective of whether the reportable transaction is centrally cleared or not, and may be fulfilled either directly or indirectly, i.e. through an agent[1].

(g) AIs, AMBs and LCs are subject to more stringent mandatory reporting requirements than other prescribed persons. In particular, the latter only have to report if their OTC derivative positions exceed certain reporting thresholds, but no such thresholds are applied to AIs, AMBs and LCs.

(h) Other prescribed persons essentially cover persons other than AIs, AMBs and LCs that are based in or operate from Hong Kong. Overseas persons with no presence or operation in Hong Kong are not subject to any mandatory reporting obligation under the Hong Kong law.

(i) Only the Hong Kong Trade Repository ("HKTR")[2], which was established by HKMA, has been designated for the purpose of mandatory reporting obligation on reportable transactions. The reporting standards and specifications adopted by HKTR will be in line with those set by international standard-setting bodies and major industry platforms.

Mandatory clearing

(j) AIs, LCs, AMBs and other prescribed persons will be required to clear certain OTC derivative transactions (as specified in the rules, "clearing eligible transactions") through a designated central counterparty ("CCP"), and they may do this either directly (i.e. as a member of the designated CCP) or indirectly (i.e. through a third party that is a member of the designated CCP)[3].

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1 The reporting agent may be a trade matching and confirmation platform or an overseas trade repository.

2 The reporting function of HKTR was launched in July 2013 and reporting from licensed banks under HKMA's regulatory requirement had begun since August 2013.

3 For indirect clearing, amendments have been introduced to SFO to offer insolvency override protections for indirect clearing that are comparable to those provided for direct clearing, i.e. those contained in the existing SFO which essentially prevent transactions cleared through a CCP from being unraveled by the application of insolvency law in the event of a default by any members of the CCP.

(k) As with the reporting obligation, the clearing obligation will only apply to AIs, AMBs, LCs and other prescribed persons that are based in or operate from Hong Kong, i.e. it will not apply to overseas persons that have no presence or operation in Hong Kong. However, such persons may nevertheless be affected if they have entered into a clearing eligible transaction and their counterparty is an AI, AMB, LC or other prescribed person. This is because the clearing obligation can only be fulfilled if both counterparties clear through a designated CCP.

Penalty for breaches of mandatory obligations

(l) The Court of First Instance is empowered to impose civil fines of up to $5 million on any person who breaches these obligations. For breaches by AIs, AMBs or LCs, HKMA and SFC are also empowered to take disciplinary actions against them.

<u>New regulated activities</u>

(m) Two new types of regulated activities ("RAs") in relation to OTC derivatives have been introduced under Schedule 5 to SFO, namely (i) a new Type 11 RA to cover the activities of dealers and advisers, and (ii) a new Type 12 RA to cover the activities of clearing agents. The original Type 9 RA (asset management) and Type 7 RA (provision of automated trading services) have been expanded to cover OTC derivatives portfolios and transactions respectively.

(n) To minimize disruption to the market, transitional arrangements will be introduced for the new and expanded RAs, so that person who are already serving as intermediaries in the OTC derivatives market may continue to do so for a limited period of time while their application to be licensed or registered for the new or expanded RAs is being considered.

<u>Regulation of systematically important participants ("SIPs")</u>

(o) The regime includes regulation of SIPs, i.e. market participants which are not licensed or registered with either HKMA or SFC, but whose positions and activities in the OTC derivatives market are so large that they may nevertheless raise concerns of potential systemic risks. These include commercial entities and financial institutions who do not act as intermediaries but who are essentially price takers and end users.

(p) Any person whose OTC derivative positions exceed certain specified thresholds ("SIP thresholds") should notify SFC. Failure to give such notification within a specified period, without reasonable excuse, will constitute a criminal offence and be subject to a fine up to $5 million and seven years' imprisonment. The SIP thresholds will be set at fairly high levels such that only a handful of market players, if any, may be caught.

(q) SFC will keep a register of persons who have notified SFC that they have exceeded any SIP thresholds, or whom HKMA/SFC has reasonable cause to believe have exceeded any SIP thresholds. The SIP register will be open for public inspection. HKMA and SFC will be empowered to require registered SIPs to provide information or take certain action in respect of their OTC derivative positions and transactions under certain circumstances.

[*Source*: Adapted from the Legislative Council Brief on Securities and Futures (Amendment) Bill 2013 issued by the Financial Services and the Treasury Bureau on 26 June 2013 (File Ref: SUB 12/2/7 (2013)).]

Appendix II

List of relevant papers

Date	Event	Paper/Minutes of meeting
3 January 2011	Meeting of the Panel on Financial Affairs ("FA Panel")	Discussion paper (LC Paper No. CB(1)763/10-11(02)) Minutes (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	Consultation paper
2 April 2012	Meeting of the FA Panel	Discussion paper (LC Paper No. CB(1)1411/11-12(05)) Background brief (LC Paper No. CB(1)1410/11-12) Minutes (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	Consultation conclusions

Date	Event	Paper/Minutes of meeting
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	Joint supplemental consultation paper
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	Joint supplemental consultation conclusions
4 March 2013	Meeting of the FA Panel	Discussion paper (LC Paper No. CB(1)599/12-13(03)) Updated background brief (LC Paper No. CB(1)599/12-13(04)) Minutes (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")	The Bill Legislative Council Brief on Securities and Futures (Amendment) Bill 2013 (SUB 12/2/7 (2013)) Legal Service Division report on the Bill (LC Paper No. LS71/12-13)

Date	Event	Paper/Minutes of meeting
July 2013 to February 2014	The Bills Committee on Securities and Futures (Amendment) Bill 2013 scrutinized the Bill	Background brief (LC Paper No. CB(1)1584/12-13(02)) Report of the Bills Committee (LC Paper No. CB(1)1112/13-14)
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"))	Hansard
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")	Consultation paper
November 2014	HKMA and SFC issued consultation conclusions and further consultation paper on the Reporting Rules	Consultation conclusions (including the further consultation paper)
5 January 2015	Meeting of the FA Panel	Discussion paper (LC Paper No. CB(1)269/14-15(04)) Background brief (LC Paper No. CB(1)269/14-15(05)) Minutes (LC Paper No. CB(1)697/14-15) (paragraphs 9 to 24) Follow-up paper provided by the Administration (LC Paper No. CB(1)476/14-15(02))

Date	Event	Paper/Minutes of meeting
15 May 2015	HKMA and SFC issued conclusions on further consultation on the Reporting Rules	Consultation conclusions
20 May 2015	Introduction of the subsidiary legislation made under the Amendment Ordinance into LegCo	Legislative Council Brief (File Ref: SF&C/1/2/11/6C) Legal Service Division reports (LC Paper No. LS66/14-15) paragraphs 40 to 51) and (LC Paper No. LS70/14-15)
June 2015	The Subcommittee on Three Pieces of Subsidiary Legislation Relating to Over-the-counter Derivative Transactions scrutinized the subsidiary legislation	Background brief (LC Paper No. CB(1)975/14-15(03)) Report of the Subcommittee (LC Paper No. CB(1)1032/14-15)
30 September 2015	HKMA and SFC issued a joint consultation paper on introducing mandatory clearing and expanding mandatory reporting	Consultation paper