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

April 2019



HONG KONG MONETARY AUTHORITY
香港金融管理局



SECURITIES AND FUTURES COMMISSION
證券及期貨事務監察委員會

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FOREWORD

In line with global efforts, the Hong Kong Monetary Authority (**HKMA**) and the Securities and Futures Commission (**SFC**) have been working with the Government of the Hong Kong Special Administrative Region and relevant stakeholders on implementing a regulatory regime for the over-the-counter (**OTC**) derivatives market in Hong Kong.

To date, we have implemented two phases of mandatory reporting (**Phase 1 Reporting** and **Phase 2 Reporting**) and the first phase of mandatory clearing (**Phase 1 Clearing**). Phase 2 Reporting mandates the reporting of OTC derivative transactions in all five asset classes (interest rates, foreign exchange, credit, commodities and equities). The use of Legal Entity Identifiers (**LEI**) has also been mandated and is applicable to all entities on the reporting entity's side of a transaction. Phase 1 Clearing mandates central clearing of specified standardised interest rate swaps (**IRS**) under certain circumstances. We have also adopted a trading determination process for identifying which products may be appropriate for Hong Kong to introduce a platform trading obligation.

This consultation sets out our proposed enhancements to the existing regime. We propose to (1) mandate the use of Unique Transaction Identifiers (**UTI**s) for the reporting obligation, (2) revise the list of jurisdictions designated by the SFC (**Designated List**) for the masking relief of the reporting obligation and (3) update the list of Financial Services Providers (**FSP**s) under the clearing obligation. This paper should be read together with earlier consultation papers on the implementation of the OTC derivatives regulatory regime, including our various consultations on mandatory reporting and mandatory clearing. All mentioned papers can be viewed on the websites of the HKMA and the SFC.

Interested parties are invited to submit written comments on the proposals. Comments in respect of the proposed update to the list of FSPs (**FSP List**) should reach either the HKMA or the SFC on or before 25 May 2019 and comments in respect of our other proposals should reach either the HKMA or the SFC on or before 25 June 2019. Comments may be submitted by any of the following methods –

By online submission at: http://www.sfc.hk/edistributionWeb/gateway/EN/consultation/

By email to: fss@hkma.gov.hk or otcconsult@sfc.hk

By fax to: (852) 2878 7297 or (852) 2521 7917

By post to one of the following:

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

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

Persons submitting comments on behalf of an organization should provide details of the organization whose views they represent.

Please note that the names of commentators and the contents of their submissions may be published by the HKMA and the SFC on their respective websites and in other

documents to be published by them. In this connection, please read the Personal Information Collection Statement attached to this consultation paper.

You may not wish your name or submission to be published by the HKMA and the SFC. If this is the case, please state that you wish your name, your submission or both to be withheld from publication when you make your submission.

April 2019

PERSONAL INFORMATION COLLECTION STATEMENT

1. This Personal Information Collection Statement (**PICS**) is made in accordance with the guidelines issued by the Privacy Commissioner for Personal Data. The PICS sets out the purposes for which your Personal Data[1] will be used following collection, what you are agreeing to with respect to the HKMA's and the SFC's use of your Personal Data and your rights under the Personal Data (Privacy) Ordinance (Cap. 486) (**PDPO**).

Purpose of collection

2. The personal data provided in your submission in response to this consultation paper may be used by the HKMA or the SFC for one or more of the following purposes –

   (a) to administer –

      (i) the provisions of the Banking Ordinance (Cap. 155) and guidelines published pursuant to the powers vested in the HKMA; and

      (ii) the relevant provisions[2] and codes and guidelines published pursuant to the powers vested in the SFC;

   (b) to perform statutory functions under the provisions of the Banking Ordinance (Cap. 155), the Securities and Futures Ordinance (Cap. 571) and relevant provisions;

   (c) for research and statistical purposes; or

   (d) for other purposes permitted by law.

Transfer of personal data

3. Personal data may be disclosed by the HKMA or the SFC to members of the public in Hong Kong and elsewhere as part of this public consultation. The names of persons who submit comments on this consultation paper, together with the whole or any part of their submissions, may be disclosed to members of the public. This will be done by publishing this information on the HKMA and SFC websites and in documents to be published by the HKMA and SFC during the consultation period or at its conclusion.

Access to data

4. You have the right to request access to and correction of your personal data in accordance with the provisions of the PDPO. Your right of access includes the right to obtain a copy of your personal data provided in your submission on this consultation

[1] Personal data means personal information as defined in the Personal Data (Privacy) Ordinance (Cap. 486).

[2] The term "relevant provisions" is defined in section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571) and refers to the provisions of that Ordinance together with certain provisions in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32), the Companies Ordinance (Cap. 622) and the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Cap. 615).

paper. The HKMA and the SFC have the right to charge a reasonable fee for processing any data access request.

Retention

5. Personal data provided to the HKMA and the SFC in response to this consultation paper will be retained for such period as may be necessary for the proper discharge of their functions.

Enquiries

6. Any enquiries regarding the personal data provided in your submission on this consultation paper, requests for access to personal data or correction of personal data should be addressed in writing to –

HKMA	**SFC**
Personal Data Privacy Officer	Data Privacy Officer
Hong Kong Monetary Authority	Securities and Futures Commission
55/F Two International Finance Centre	35/F Cheung Kong Center
8 Finance Street	2 Queen's Road Central
Central, Hong Kong	Hong Kong

7. A copy of the Privacy Policy Statement adopted by the HKMA and the SFC is available upon request.

EXECUTIVE SUMMARY

1. In line with G20 commitments to reform OTC derivatives markets, the HKMA and the SFC have been working on implementing an OTC derivatives regulatory regime in Hong Kong. The regime is being implemented in phases with Phase 2 Reporting and Phase 1 Clearing introduced in July 2017 and September 2016 respectively.

2. In order to keep up with international developments and ensure that our reporting and clearing regimes remain relevant and appropriate, we wish to consult the market on the following three proposals:

   (a) mandating the use of UTIs for the reporting obligation;

   (b) revising the Designated List for the masking relief of the reporting obligation; and

   (c) updating the FSP List under the clearing obligation.

Mandating the use of UTIs for the reporting obligation

3. The reporting obligation aims to improve the transparency of OTC derivatives markets. To achieve this, it is crucial that individual transactions reported to trade repositories (**TRs**) can be uniquely identified globally. The reporting obligation in Hong Kong requires reporting entities to provide the identifying reference assigned to each transaction in the types of references acceptable to the HKMA, as specified in the directions and instructions published by it. Currently, the HKMA specifies that, if available, the Unique Swap identifier (**USI**) reportable under the United States of America (**US**) mandatory reporting requirements and the Unique Trade ID (**TID**) reportable under the European Union (**EU**) mandatory reporting requirements must be reported as the identifying references for the transaction. In the case where neither a USI nor TID has been assigned to the transaction, the mandatory reporting of a bilaterally agreed UTI is currently deferred, as requested by market participants, pending the finalisation of an international standard for UTIs.

4. In February 2017, the Committee on Payments and Market Infrastructures (**CPMI**) and the International Organization of Securities Commissions (**IOSCO**) issued technical guidance on the harmonisation of UTIs (**Technical Guidance**), explaining the characteristics of and approaches to UTIs. Given the recommendations of the FSB and the global trend towards harmonising critical OTC derivatives data elements, we propose to mandate the use of UTIs in OTC derivatives trade reporting in Hong Kong.

5. We propose to adopt the characteristics of and approaches to UTIs and in particular the structure and format of UTIs, as set out in the Technical Guidance, except for the assignment of responsibility for generating UTIs. We propose that counterparties bilaterally agree on who would generate UTIs for their transactions. In cases where a bilateral agreement cannot be reached or has not been reached, counterparties should adopt the list of factors, where applicable, recommended in the Technical Guidance for allocating responsibility for UTI generation as set out in Annex 1.

6. According to the Technical Guidance, there should only be one transaction identifier for each transaction globally. We propose, as an interim measure, to continue allowing the use of USIs and TIDs since they serve their regulatory purposes well. As the US and the EU may have different implementation timelines for adopting the international standard for UTIs, we propose that a new UTI be required to be generated based on our proposed requirements only for transactions without a unique identifier generated based on the US or the EU requirements. In addition, reporting entities can use UTIs generated in accordance with relevant overseas requirements which are consistent with the structure and format set out in the Technical Guidance. These would avoid the need for reporting entities to generate an additional transaction identifier for cross-border transactions during the transitional period when different jurisdictions implement the international standard on UTIs at different paces.

7. We expect that the unique identifier in the US and the EU will soon conform to the structure and format set out in the Technical Guidance and in the future there will be only one unique identifier for a cross-border transaction which needs to be reported under both the US and the EU reporting requirements. As such, we propose that the interim measure be discontinued six months after both the US and the EU have adopted the international standard on UTIs. After that period, all transactions submitted to the Hong Kong Trade Repository (**HKTR**) should be identified by UTIs. The HKMA and the SFC will give notice to reporting entities the exact end date of the six-month grace period so that they will have sufficient lead time to carry out any necessary system enhancements.

8. To reduce the compliance burden for reporting entities, we propose to mandate the use of UTIs only for the reporting of new trades (including their subsequent life-cycle events) that take place on or after the implementation of the mandatory use of UTIs as described above in April 2020. In proposing the implementation timeline, we have taken into account our urgent need for UTIs to enable better matching and avoid double counting of transactions in the HKTR.

Revising the Designated List for the masking relief of the reporting obligation

9. When Phase 1 Reporting took effect in July 2015, we introduced a masking relief to deal with situations where a reporting entity is prevented from reporting certain information identifying the counterparty (**Counterparty Information**) to the HKMA via the HKTR due to legal or regulatory barriers to full trade reporting (**Reporting Barriers**) in certain jurisdictions. The masking relief enables reporting entities to mask Counterparty Information on transactions submitted to the HKTR when they encounter Reporting Barriers in a jurisdiction that is on the Designated List.

10. There are currently 18 jurisdictions on the Designated List. In view of the recent clarification of Reporting Barriers in the November 2018 Follow-up Report on Trade Reporting Legal Barriers (**2018 FSB Report**) issued by the Financial Stability Board (**FSB**) and other international developments, we propose to remove all jurisdictions, except the People's Republic of China (**PRC**), from the Designated List. The PRC was categorised as "uncertain" in the 2018 FSB Report. We believe it is more prudent to allow the PRC to remain on the Designated List for the time being.

11. Under existing requirements, reporting entities will not be able to mask new transactions that are not subject to Reporting Barriers even if the jurisdiction of the counterparty concerned is on the Designated List. We expect reporting entities to obtain counterparty consent where necessary to fulfil their reporting obligation.

12. For outstanding transactions which have already been submitted to the HKTR with Counterparty Information masked relating to a jurisdiction on the Designated List, reporting entities are required under existing requirements to provide the Counterparty Information for these transactions (ie, unmasking the transactions) after the SFC has revoked the designation for that jurisdiction. They should provide the relevant Counterparty Information for these transactions within three months after the designation is revoked, or if counterparty consent is also required to unmask the transaction, use reasonable efforts to obtain counterparty consent and unmask the transaction within one month after obtaining consent. We propose that the revised Designated List be published in the Government Gazette no earlier than 1 October 2019 to give sufficient lead time for market participants to prepare for any unmasking of transactions before the designation of these jurisdictions is revoked.

13. To reduce the compliance burden for reporting entities, we propose to adopt a snapshot approach to the unmasking of transactions previously submitted to the HKTR. This means reporting entities are only required to provide Counterparty Information for the latest position of a transaction without being required to provide Counterparty Information for all past life-cycle events.

Updating the FSP List under the clearing obligation

14. Under our clearing regime, a transaction between an Authorized Institution (**AI**) or a Licensed Corporation (**LC**) and a FSP may be subject to the clearing obligation if certain conditions are met. Under our existing policy, we will update the FSP List on an annual basis to keep it relevant and appropriate. We have therefore identified necessary changes based on a snapshot of entities falling under our criteria for FSPs as at the end of 2018 (as described in paragraphs 76 to 84 below). In this consultation, we propose an updated FSP List for market participants' comment.

Timeline for submitting comments

15. Our proposals to enhance the existing reporting regime are largely in line with requirements imposed in other major jurisdictions. We also propose an annual update to the FSP List, which we have already committed to. Therefore, we believe that market participants will have anticipated the substance of our proposals.

16. In view of the above, we propose to allow one month for the submission of comments on the update to the FSP List and two months for the submission of comments on the other proposals. Comments on our proposals on the updated FSP List must reach the HKMA or the SFC by no later than 25 May 2019 and comments on our other proposals must reach the HKMA or the SFC by no later than 25 June 2019.

INTRODUCTION

17. To meet the G20 commitments to reform OTC derivatives markets, the HKMA and the SFC have been working on implementing a regulatory regime for OTC derivatives in Hong Kong. The regime, which is now in place, provides for, among other things, the introduction of reporting, clearing, trading and record keeping obligations in respect of OTC derivative transactions.

18. In line with other markets, our OTC derivatives regulatory regime is being implemented in phases. To that end, Phase 1 Reporting commenced on 10 July 2015, followed by Phase 2 Reporting on 1 July 2017. Phase 1 Clearing took effect on 1 September 2016. The use of LEIs was mandated for identifying entities on the reporting entity's side of a transaction on 1 April 2019. In addition, we have adopted trading determination criteria to identify which products would be appropriate for a platform trading obligation in Hong Kong.

19. With a view to keeping our OTC derivatives reporting and clearing regimes relevant and appropriate as the market evolves, this consultation proposes the following:

    (a) mandating the use of UTIs for the reporting obligation;

    (b) revising the Designated List for the masking relief of the reporting obligation; and

    (c) updating the FSP List under the clearing obligation.

MANDATING THE USE OF UNIQUE TRANSACTION IDENTIFIERS FOR THE REPORTING OBLIGATION

A. Current reporting requirements for identifiers for OTC derivative transactions

20. The reporting obligation aims to improve the transparency of OTC derivatives markets. To achieve this, it is crucial that individual OTC derivative transactions reported to TRs can be uniquely identified. This helps minimise the possibility of double counting and facilitates the global sharing and aggregation of TR data in the future.

21. Accordingly, the reporting obligation in Hong Kong requires reporting entities to provide the identifying reference assigned to each transaction in the types of references which are acceptable to the HKMA, as specified in the directions and instructions published by it. Currently the HKMA specifies that, if available, the USI reportable under the US mandatory reporting requirements and the TID reportable under the EU mandatory reporting requirements must be reported as the identifying references for the transaction.

22. In the case where neither a USI nor a TID has been assigned for the transaction, the mandatory reporting of a bilaterally agreed UTI is currently deferred as requested by market participants, pending the finalisation of an international standard for UTIs. While we did not specify an implementation date for mandatory reporting of UTIs, we highlighted in the Supplementary Reporting Instructions for OTC Derivative Transactions (**SRI**)[3] that transactions without a USI or a TID must be assigned a unique and bilaterally agreed UTI which is shared and paired between the two counterparties after the reporting of UTIs becomes mandatory. This bilaterally agreed UTI must then be included when reporting the transaction to the HKTR. The HKMA may also require the UTIs to follow a particular format or practice.

B. International developments related to the implementation of UTIs

23. To facilitate the aggregation of data reported across different TRs, the FSB published a feasibility study of options for a mechanism to produce and share global aggregated data in September 2014 and suggested important preparatory steps which should be undertaken to effectively implement the recommended mechanism[4]. One of the suggested preparatory steps was to accelerate the creation of uniform global identifiers, including UTIs. Pursuant to the FSB's request, CPMI-IOSCO established a working group in November 2014 to develop technical guidance on the harmonisation of critical OTC derivatives data elements including UTIs. In February 2017, CPMI-IOSCO issued the Technical Guidance explaining the characteristics of and approaches to UTIs[5], thereby setting the international standard on UTIs.

24. In December 2017, the FSB further concluded the governance arrangements for UTIs and recommended an implementation plan for those arrangements[6]. According to the FSB's recommendation, regulators and authorities requiring the reporting of a transaction identifier for OTC derivatives should implement the Technical Guidance no later than end-2020. The FSB has also selected the International Organization for Standardization as the body responsible for publishing and maintaining the UTI data standard.

C. Proposal to mandate the use of UTIs

25. Given the recommendation of the FSB and the global trend towards harmonising critical OTC derivatives data elements, we propose to mandate the use of UTIs in OTC derivatives trade reporting. Our proposals are set out below.

Proposed approaches to UTIs

26. A UTI should be a unique identifier assigned to identify each individual OTC

[3] The latest version of the SRI and Updates and Clarification on the SRI were published in August 2017 and March 2019 respectively. Available at https://hktr.hkma.gov.hk/ContentDetail.aspx?pageName=HKTR-RPT-Administration-and-Interface-Development-Guide

[4] "Feasibility Study on Approaches to Aggregate OTC Derivatives Data" published by the FSB on 19 September 2014. Available at: http://www.fsb.org/wp-content/uploads/r_140919.pdf.

[5] "CPMI IOSCO Technical Guidance – Harmonisation of Unique Transaction Identifier" issued by the CPMI and IOSCO in February 2017. Available at: https://www.bis.org/cpmi/publ/d158.pdf.

[6] "Governance Arrangements for the Unique Transaction Identifier (UTI) – Conclusions and Implementation Plan" published by the FSB on 29 December 2017. Available at: http://www.fsb.org/wp-content/uploads/P291217.pdf.

derivative transaction reported to TRs. We propose to adopt the characteristics of and approaches to UTIs as set out in the Technical Guidance, except for the assignment of the responsibility for generating UTIs. In particular:

(a) Each reportable transaction should have its own UTI which should not be reused.

(b) When a particular transaction is reported more than once, the same identifier should be adopted consistently for each report.

(c) A transaction should keep the same UTI throughout its lifetime. If a previously reported transaction –

  (i) is replaced by another transaction, eg, in the case of a centrally cleared trade;

  (ii) is split into different transactions; or

  (iii) involves a change in either one of the counterparties other than error correction,

  a new UTI should be used and reported.

(d) During the life-cycle of an OTC derivative transaction, a new UTI may be needed. Other than the situations stated in paragraph (c) above, the rationale to determine whether a new UTI has to be generated should be as follows:

  (i) When new information is being reported about an OTC derivative transaction for which a report has already been made or some previously reported information has changed, then the report should be updated with the same UTI used previously.

  (ii) Otherwise, a new UTI should be used.

  (iii) If more than one such change is to be reported at the same time, and if any of these changes would require a new UTI, then a new UTI should be used for the transaction.

Proposed responsibility for generating UTIs

27. To avoid more than one UTI being generated for a single reportable transaction, we propose that counterparties bilaterally agree[7] on who would generate the UTI for their transactions. In cases where a bilateral agreement cannot be reached or has not been reached, we propose that counterparties should adopt the list of factors, where applicable, recommended in the Technical Guidance for allocating responsibility for UTI generation. The list of factors is shown in textual form in Annex 1.

[7] For the avoidance of doubt, counterparties may bilaterally agree to adopt the list of factors shown in Annex 1.

Proposed structure and format of UTIs

28. As for the structure and the format of UTIs, we propose to adopt the Technical Guidance. In particular, a UTI is required to be constructed as a concatenated combination of the LEI of the generating entity at the point of generation and a unique value created by that entity. It is only allowed to have a maximum of 52 characters constructed solely from the upper-case alphabetic characters A-Z or the digits 0-9, inclusive in both cases.

Proposed requirements for reporting UTIs

29. As stated in paragraph 21 above, the US and the EU require the reporting of unique identifiers generated based on their local standards and requirements. As these unique identifiers serve their regulatory purposes well, we propose, as an interim measure, to continue to allow the use of these unique identifiers. It is anticipated that the US and the EU may have different implementation timelines for adopting the international standard on UTIs. We therefore propose that a new UTI be required to be generated based on our proposed requirements only for transactions without a unique identifier generated based on the US or the EU reporting requirements. This would avoid the need for reporting entities to generate an additional transaction identifier for cross-border transactions during the transitional period when different jurisdictions implement the international standard on UTIs at different paces.

30. We expect that the unique identifier in the US and the EU will soon conform to the structure and format set out in the Technical Guidance. We also expect that there will be only one unique identifier in the future for a cross-border transaction which needs to be reported under both the US and the EU reporting requirements. As such, we propose that the interim measure be discontinued six months after both the US and the EU have adopted the international standard on UTIs. The six-month grace period is to give sufficient lead time for reporting entities to carry out any necessary system enhancements. After that period, all transactions submitted to the HKTR should be identified by UTIs which are consistent with the structure and format set out in the Technical Guidance. Please see paragraphs 34 to 38 for detailed instructions.

31. For the avoidance of doubt, reporting entities can use UTIs generated in accordance with relevant overseas requirements which are consistent with the structure and format set out in the Technical Guidance to meet the proposed Hong Kong UTI requirement.

32. To reduce the compliance burden for reporting entities, we propose to mandate the use of UTIs as described above only for the reporting of new trades (including their life-cycle events) which take place on or after the implementation date. This means that for trades reported to the HKTR without a unique identifier (ie, USI, TID or a bilaterally agreed unique identifier) before the implementation date, a new UTI is not required to be added to the report.

33. As the mandatory use of UTIs applies only to the reporting of new trades which takes place on or after the implementation date, reporting entities are not required to use a UTI when reporting life-cycle events of previously submitted trades, even if the

events take place on or after the implementation date. The exception is when the life-cycle event requires a new UTI to be used as explained in paragraphs 26(c) and 26(d) above.

34. To support the implementation of mandatory use of UTIs, two data fields will be designated for the reporting of the UTI and the Prior UTI. The data field designated for UTI is for reporting the value of a bilaterally agreed UTI in the structure and format consistent with the Technical Standard, while the data field designated for Prior UTI is for reporting a unique identifier of a prior related transaction as stated in paragraphs 26(c) and 26(d) above.

35. For transactions which take place on or after the date of the implementation of the mandatory use of UTIs and during the period for the interim measure, we propose that reporting entities should follow the instructions below to report the transaction identifiers:

(a) For transactions which have been assigned either a USI or a TID, reporting entities should follow the existing instructions in the SRI and report that identifier in the existing data field specified for the USI or the TID in the HKTR template.

(b) For transactions which have been assigned both a USI and a TID, reporting entities should follow the existing instructions in the SRI and report both identifiers in the existing data fields specified for the USI and the TID in the HKTR template.

(c) For transactions without a USI or a TID, reporting entities must report a UTI with the structure and format consistent with the Technical Guidance in the designated data field for UTI in the HKTR template. This UTI can be generated pursuant to relevant overseas reporting requirements or Hong Kong requirements, and by an overseas entity or a Hong Kong entity.

36. As mentioned above, the interim measure will be discontinued six months after both the US and the EU have adopted the international standard on UTIs. The HKMA and the SFC will give notice to reporting entities the exact end date of the six-month grace period. After the end of the grace period, reporting entities should report a UTI with the structure and format consistent with the Technical Guidance in the designated data field for UTI in the HKTR template. This UTI can be generated pursuant to the US, the EU or other relevant overseas reporting requirements or Hong Kong requirements, and by an overseas entity or a Hong Kong entity.

37. Before the expiry of the interim measure, it will be acceptable for a reporting entity to report the succeeding format of USI or TID after the adoption of the international standard on UTIs in the US or the EU in the designated data field for UTI in the HKTR template as long as it is the only identifier for the transaction and all parties agree to use it consistently for trade reporting in all relevant jurisdictions.

38. For transactions requiring a new UTI as explained in paragraphs 26(c) and 26(d) above, reporting entities must also provide the unique identifier of a prior related

transaction (regardless of whether it is a UTI, USI or TID) in the designated data field for Prior UTI, or the existing data fields for Prior USI or Prior TID in the HKTR template accordingly.

39. To prepare for the implementation of mandatory use of UTIs, the relevant requirements in the SRI and where appropriate, the Frequently Asked Questions and the gazetted data fields for mandatory reporting will be amended accordingly.

40. We wish to remind reporting entities that a record of transaction identifiers, regardless of their formats, should be kept by the reporting entities as per the record keeping obligation.

41. Given the global trend towards the mandatory use of UTIs and the availability of an international standard for UTIs, reporting entities should make the necessary arrangements for generating UTIs as soon as possible. This will ensure that reporting entities will be able to assign UTIs to their transactions to meet their reporting obligation after our proposed requirements come into effect. We take the view that the implementation of the use of UTIs in trade reporting as proposed above will not create an undue burden since market participants have been given adequate notice of the requirements in advance.

Proposed timeline

42. We propose mandating the use of UTIs based on the proposals discussed in paragraphs 26 to 38 above in April 2020. In proposing the implementation timeline, we have taken into account our urgent need for UTIs to enable better matching and avoid double counting of transactions in the HKTR. In view of our proposed interim measure and our approach in accepting trade identifiers generated based on the US and the EU requirements and other identifiers generated overseas which are consistent with the Technical Guidance, we do not believe that our implementation timeline must be aligned with other jurisdictions.

43. That said, we appreciate market participants' desire for regulators to adopt a harmonized implementation timeline. To that end, we have been working closely with the Australian Securities and Investments Commission (**ASIC**), the Japan Financial Services Agency and the Monetary Authority of Singapore (**MAS**) to align our implementation timelines to the extent possible. We will maintain close dialogue with them throughout the process leading to implementation.

44. To allow sufficient time for market participants to carry out any necessary preparation work, we will conclude this consultation and issue technical specifications in due course so that there will be at least six months between the publication of the consultation conclusions and our proposed implementation date.

Q1. Do you have any comments or concerns about our proposals to mandate the use of UTIs 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.

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.

REVISING THE LIST OF DESIGNATED JURISDICTIONS FOR THE MASKING RELIEF OF THE REPORTING OBLIGATION

A. The current masking relief for OTC derivatives reporting

45. When Phase 1 Reporting took effect in July 2015, we introduced a masking relief to deal with situations where a reporting entity is prevented from reporting Counterparty Information to the HKMA via the HKTR. The relief was based on submissions we received concerning Reporting Barriers in certain jurisdictions. This relief was meant to be a temporary measure, pending international consensus on the issue and the FSB's efforts to promote the removal of barriers to full transaction reporting.

46. Under Rule 26(1) of the Securities and Futures (OTC Derivative Transactions – Reporting and Record Keeping Obligations) Rules (**Reporting Rules**), the current masking relief enables reporting entities to mask the identity of the counterparty when they report a transaction to the HKMA via the HKTR if both of the following preconditions are fulfilled:

(a) The submission of Counterparty Information is prohibited by a jurisdiction's laws or regulations.

(b) This jurisdiction has been designated by the SFC.

47. Market participants submitted a list of jurisdictions with perceived Reporting Barriers. We designated these jurisdictions and the Designated List was gazetted by the SFC on 7 July 2015. The list consists of the following 18 jurisdictions:

FSB member jurisdictions	Non-FSB member jurisdictions
1. Argentina	1. Algeria
2. France	2. Austria
3. India	3. Bahrain
4. Indonesia	4. Belgium
5. People's Republic of China	5. Hungary
6. Singapore	6. Israel
7. South Korea	7. Luxembourg
8. Switzerland	8. Pakistan
	9. Samoa
	10. Taiwan

48. The purpose of the masking relief is to give some degree of flexibility to reporting entities who face an actual legal or regulatory prohibition of reporting Counterparty

Information. Consequently, the relief is granted in a way that if the first precondition in paragraph 46(a) above is not fulfilled, the masking relief is not applicable. In other words, reporting entities are not allowed to mask any new transactions once it has been clarified that the relevant legal or regulatory prohibition no longer exists even though that jurisdiction still remains on the Designated List.

49. We had previously provided a masking relief for reporting entities to obtain the necessary counterparty consent, which expired in January 2016. We would like to clarify that so long as the reporting of Counterparty Information can be made with a standing consent of the counterparty concerned, the lack of consent does not constitute a legal or regulatory prohibition under the first precondition of the masking relief. This is consistent with the international consensus set out in the 2018 FSB Report[8]. We believe it is the responsibility of reporting entities to obtain counterparty consent where necessary to fulfil their reporting obligation.

B. Background of the current proposal to revise the Designated List

50. In 2015, the FSB undertook a thematic review of OTC derivatives trade reporting (**2015 Peer Review**). A peer review report was published which identified, among others, a number of remaining legal and regulatory barriers in FSB member jurisdictions that prevent full reporting of OTC derivatives trade data. The report made several recommendations including a call for jurisdictions to remove Reporting Barriers by June 2018, and to discontinue masking relief once Reporting Barriers have been removed. Efforts have since been made by some jurisdictions to either change their laws or clarify any misconceptions about the existence of Reporting Barriers.

51. As masking prevents comprehensive reporting and reduces the usefulness of the information reported to trade repositories, the FSB has been monitoring progress in this area. In 2018, a workstream of the FSB's OTC Derivatives Working Group undertook a follow-up review of the 2015 Peer Review, including the progress made by FSB member jurisdictions in implementing recommendations which address Reporting Barriers. The 2018 FSB Report re-categorized a considerable number of jurisdictions as having no Reporting Barriers or having Reporting Barriers which are curable by standing consent. Some of these jurisdictions are on our Designated List.

52. As explained in paragraphs 46 and 48 above, although there must be an actual legal or regulatory prohibition before a reporting entity can rely on the masking relief, it is nevertheless an appropriate time for us to review the Designated List in light of the publication of the 2018 FSB Report and to update the Designated List as a matter of good housekeeping.

53. In this review process, we have engaged market participants, the International Swaps and Derivatives Association (**ISDA**) and other regulators in Asia that also provide masking relief. Collaborative efforts are being made to respond to the FSB's call for removing masking relief where a standing consent is sufficient to cure the Reporting Barriers. In March 2019, the ASIC modified the masking relief under the

[8] Available at: http://www.fsb.org/wp-content/uploads/P191118-4.pdf

Australian OTC derivatives trade reporting regime, reducing the list of jurisdictions for which masking is permitted to two: the PRC and Saudi Arabia[9].

C. Proposals to revise the Designated List

54. Our proposals to revise the Designated List are set out below.

55. Out of the eight FSB member jurisdictions on the Designated List in paragraph 47 above, seven were regarded in the 2018 FSB Report as jurisdictions with no Reporting Barriers or with barriers which are curable by standing consent. We propose to remove those seven jurisdictions from the Designated List.

56. The other FSB member jurisdiction on the Designated List in paragraph 47 above is the PRC. In view of the uncertainty about the PRC expressed in the 2018 FSB Report, it is more prudent to allow the PRC to remain on the Designated List for the time being. However, if there is any clarification or more information in the future regarding Reporting Barriers in the PRC, we may consider whether a further review is desirable.

57. Regarding the non-FSB member jurisdictions on the Designated List in paragraph 47 above, Austria, Belgium, Hungary and Luxembourg are jurisdictions in the EU. We understand that there is no limitation on providing trade data in the EU legal framework and masking is not allowed under the European Market Infrastructure Regulation. We therefore believe that the four EU jurisdictions on the Designated List do not have Reporting Barriers and should be removed from the list.

58. We understand from ISDA that some market participants requested that Taiwan remain on the Designated List because counterparty consent is required for disclosure to affiliates of Taiwanese entities and offshore regulators for reporting purposes. Upon further clarification, we understand from ISDA that the counterparty's standing consent is sufficient to meet the requirement for consent in Taiwan. As explained in paragraph 49, Taiwan should not be regarded as having any actual legal or regulatory prohibition which satisfies the first precondition of our masking relief as set out in paragraph 46. Counterparties who are not willing to provide standing consent will not be able to trade with reporting entities who must report full Counterparty Information for their transactions under local reporting rules.

59. For the rest of the non-FSB member jurisdictions on the Designated List, namely Algeria, Bahrain, Israel, Pakistan and Samoa, we have not been informed by any market participant that masking relief is still required for reporting to the HKMA via the HKTR. Given the FSB recommendation to discontinue masking, we are minded to remove all the 10 non-FSB member jurisdictions on the Designated List unless there is market feedback that masking relief is still necessary for any of them. In such a case, we expect that specific details, with supporting information and other proof,

[9] Saudi Arabia is not a jurisdiction on the Hong Kong Designated List for masking purposes but was on the Australian list. We do not see the need to add Saudi Arabia to the Designated List since the global trend is to remove masking relief and it will not be appropriate to add new jurisdictions to the Designated List. In addition, we have not been informed of any reporting problem associated with Saudi Arabia since the implementation of the reporting regime.

be provided to justify the continuation of a masking relief for that particular jurisdiction.

60. We have been informed that some reporting entities may be implementing Brexit transitional arrangements which may include off-boarding EU counterparties from their London entities and on-boarding them to other newly-established entities based in various EU member-states. There are concerns that removing masking relief for EU jurisdictions on the Designated List at this moment may add to the complexity of this transitional process and result in inadvertent fragmentation or disruption during the transition.

61. In response to these concerns, we have taken this factor into account in proposing the implementation timeline (as discussed in the next section) and will provide flexibility for market participants by affording sufficient lead time before implementation.

62. In summary, we propose to remove all jurisdictions, except the PRC, from the Designated List.

63. For completeness, apart from the Designated List, we do not propose to make any changes to how the Hong Kong masking relief works, nor to the mechanism of unmasking as provided in the Reporting Rules, including matters discussed in paragraphs 64 to 67 below.

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

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

D. Proposed implementation timeline

64. It is worth noting that when the SFC revokes the designation of a jurisdiction for the purposes of the masking relief, it will be removed from the Designated List. For a revised Designated List to become effective, the SFC will need to publish it in the Government Gazette. However, reporting entities may not be required to immediately unmask transactions previously submitted to the HKTR.

65. Under Rule 26(2) of the Reporting Rules, reporting entities are required to unmask the relevant transactions within three months after the SFC revokes the designation of the jurisdictions by gazetting a revised Designated List.

66. Further, even after a jurisdiction's designation is revoked, there may be situations where a reporting entity cannot submit Counterparty Information for a particular transaction because it is required to obtain its counterparty's consent to the submission of the information and, despite reasonable efforts, the reporting entity has been unable to obtain it. In such cases, the reporting entity should continue to use

reasonable efforts to obtain counterparty consent and unmask the relevant transactions within one month after obtaining it[10].

67. In addition, it should be noted that transactions which have matured, expired or been terminated before the end of the above unmasking periods are not required to be unmasked. These transactions can remain masked to reduce the compliance burden for reporting entities.

68. Taking into account the above processes and some market participants' concerns about removing EU jurisdictions from the Designated List (as discussed in paragraph 60 above), we propose that the revised Designated List be gazetted no earlier than 1 October 2019. Market participants will have sufficient lead time to prepare for any unmasking of transactions before the designation of these jurisdictions is revoked.

69. Given the global nature of OTC derivatives markets, we appreciate that reporting entities may be required to do similar unmasking exercises in other Asian jurisdictions. As far as possible, a coordinated approach to the treatment of masking relief in Asia would be welcomed. Working towards this direction, we have engaged with regulators in Australia and Singapore in this revision exercise.

70. We believe that our proposed implementation date, with the relief due to the lack of counterparty consent for unmasking in limited situations, should not create any conflicts for reporting entities that also operate in other jurisdictions.

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.

E. Approach for unmasking of transactions previously submitted to the HKTR

71. There are two methods to unmask a transaction[11] which has already been submitted to the HKTR:

(a) Life-cycle approach – reporting entities are required to submit Counterparty Information for the original transaction and all of its life-cycle events.

(b) Snapshot approach – reporting entities are only required to submit Counterparty Information for the latest position. They are not required to submit Counterparty Information for past life-cycle events.

72. Considering the compliance burden for reporting entities to adopt the life-cycle approach, we propose that they may adopt the snapshot approach.

[10] We wish to emphasise that the relief due to the lack of counterparty consent is only applicable to unmasking in limited situations. The general masking relief on the basis of lack of counterparty consent expired in January 2016. Please refer to paragraph 49 for details.

[11] As no counterparty information is required for the submission of valuation reporting, no unmasking is required for past valuation reporting.

73. Further, there are two practices for adopting the snapshot approach in unmasking:

(a) By amendment – to update the Counterparty Information using the HKTR's amendment template. Reporting entities may choose to fill in either the last event date or the date of the latest position in the data field "Agreement Date".

(b) By withdrawal and backloading – to withdraw the original transaction and make a re-submission of the transaction with Counterparty Information using the HKTR's backloading template. Reporting entities may choose to fill in either the last event date or the date of the latest position in the data field "Backloading Date".

74. The HKTR can support unmasking using either practice. Reporting entities may choose the one which suits their operational needs. However, it should be noted that the unmasking exercise may trigger false alerts for missing valuations or late reporting. For these false alerts, we would not require followup action from reporting entities and they may choose to disregard them.

75. For the avoidance of doubt, once a transaction previously submitted to the HKTR has been unmasked, new life-cycle events can no longer be masked, regardless of which unmasking approaches are taken.

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.

ANNUAL UPDATE OF THE LIST OF FINANCIAL SERVICES PROVIDERS UNDER THE CLEARING OBLIGATION

A. Background

76. Under the Securities and Futures (OTC Derivatives Transactions – Clearing and Record Keeping Obligations and Designation of Central Counterparties) Rules (**Clearing Rules**), a transaction between an AI or a LC and a FSP may be subject to the clearing obligation if certain conditions are met. In 2018, we introduced a process to update the FSP List on an annual basis to ensure that it remains relevant and appropriate.

B. Proposed update to the FSP List

77. As stated in the consultation paper published in March 2018 and the conclusions paper published in June 2018 (**2018 Consultation**), we will take a snapshot of the entities that fall within the FSP criteria at the end of each calendar year and consult the market in the following year. To recap, the FSP List includes entities that meet the following two criteria –

(a) They belong to a group of companies appearing on the list of global systemically important banks (**G-SIBs**) published by the FSB, or on the list of dealer groups which undertook to the OTC Derivatives Supervisors Group to work collaboratively with central counterparties, infrastructure providers and global supervisors to continue to make structural improvements to the global OTC derivatives markets (**G15-dealers**); and

(b) They are members of the largest CCPs offering clearing for interest rate swaps in the US, Europe, Japan and Hong Kong (**IRS CCPs**).

List of G-SIBs

78. As part of our annual update of the FSP List, we reviewed the list of G-SIBs published by the FSB in November 2018 to identify changes from the list published in November 2017.

(a) Groupe BPCE re-entered the G-SIB list in November 2018 after being removed in November 2017. As we did not remove its member entities which are members of IRS CCPs from the FSP List, no reinstatement is required.

(b) Nordea was not on the G-SIB list in November 2018. However, its member entity, Nordea Bank Abp, continues to be a member of an IRS CCP. Under our current approach, once an entity is included in the FSP List and it continues to be a clearing member of an IRS CCP, it would remain on the list even if the group it belongs to is no longer a G-SIB. Unless we receive a submission that the group has undergone a permanent change of its business model or has exited the OTC derivatives sphere, we propose to keep Nordea Bank Abp on the updated FSP List in accordance with our current approach.

New clearing members of IRS CCPs

79. We propose to also update the FSP List to include entities which are part of a G-SIB group or G15-dealers group which have become members of IRS CCPs since our last review. Based on the clearing memberships of IRS CCPs as at 31 December 2018, we propose to include the following entities in the updated FSP List –

	Name of the entity	**G-SIB or G15-dealers group**
1	Banque Palatine S.A.	Groupe BPCE
2	Barclays Bank UK PLC	Barclays
3	HSBC UK Bank plc	HSBC
4	National Westminster Bank Plc	Royal Bank of Scotland

G-SIBs or G-15 Group Member Entities which are no longer IRS CCP members

80. In respect of G-SIB or G15-dealers member entities which are no longer clearing members of IRS CCPs, our approach is to keep them on the FSP List, unless there is no longer any entity within the group which is a clearing member of an IRS CCP.

81. The following entities on the FSP List are no longer a member of an IRS CCP.

	Name of the entity	G-SIB or G15-dealers group
1	Abbey National Treasury Services plc	Santander
2	Deutsche Bank Securities Inc.	Deutsche Bank
3	ING-DiBa AG	ING Bank

82. Other entities within the above entities' groups continue to be members of an IRS CCP. Unless we receive a submission that there is a permanent change in their business models so that they no longer conduct OTC derivative transactions, we propose to keep them on the FSP List in accordance with our current approach.

83. The updated FSP List, consolidating all proposed changes as explained above, is set out in Annex 2 to the Consultation Paper. The proposed changes are also highlighted for easy reference. We welcome any comments or concerns about any of the entities included in the updated FSP List.

One other change to the FSP List

84. We note from public sources that UBS Limited has transferred its business to UBS Europe SE with effect from 1 March 2019, and its membership at an IRS CCP has reflected this change as well. Whilst we said that we would take a snapshot of entities that fall within the FSP criteria at the end of each calendar year for the annual update of the FSP List and this change occurred after the cut-off date, we believe it is still appropriate to reflect the change due to its significance. Accordingly, we propose to replace UBS Limited with UBS Europe SE in the FSP List.

C. Proposed effective date

85. As stated in our 2018 Consultation, we will align the effective date of the updated FSP List to the Prescribed Day[12] of the Calculation Period[13] nearest to when the consultation conclusion is published. Accordingly, if we publish this consultation conclusion in June 2019, the nearest Calculation Period will be 1 March 2019 to 31 May 2019 and the effective date of the updated FSP List will fall on 1 January 2020, which is the Prescribed Day for the Calculation Period of 1 March 2019 to 31 May 2019.

Q7. Do you have any comments or concerns about our proposed updated FSP List? If you do, please provide specific details.

[12] A Prescribed Day is seven months after the end of the corresponding Calculation Period.
[13] A Calculation Period is a specified period of time for calculating a person's average total position in OTC derivatives. Each Calculation Period is three months, and there are two Calculation Periods in each calendar year.

WAY FORWARD

86. The two enhancements to the reporting regime arise from recent developments and are largely in line with requirements that are or will be imposed in other major jurisdictions. The enhancement to the clearing regime is an annual update to the FSP List which we have already committed to. Therefore, we believe that market participants will have anticipated the substance of our proposals. We also believe our proposals strike the right balance between ensuring a robust regime and addressing market concerns. As always, we welcome market views about where the proposals may be insufficient or result in unintended consequences.

87. In view of the above, we propose to allow one month for the submission of comments in respect of the proposed update to the FSP List and two months for the submission of comments in respect of the other proposals. This means comments on the proposed update to the FSP List must reach the HKMA or the SFC by no later than 25 May 2019 and comments on our other proposals must reach the HKMA or the SFC by no later than 25 June 2019.

88. We are minded to conclude the proposals on FSPs in Q2 2019 and finalise other proposals in Q3 2019. Subject to the completion of this consultation and support from the market, we aim to publish the updated FSP List for clearing and the revised Designated List for reporting in the Government Gazette in Q4 2019. To implement our proposals, the Supplementary Reporting Instructions, and where appropriate, the Frequently Asked Questions relating to the reporting and clearing obligations and the gazetted data fields for reporting will also be amended accordingly.

89. We will also consult the market on other proposals with respect to the OTC derivatives regulatory regime from time to time, and we will maintain close dialogue with market participants throughout the process.

ANNEX 1 – Factors to be considered for allocating responsibility for UTI generation in the absence of bilateral agreements between the counterparties

Step	Factor to consider	Responsibility for UTI generation
1.	Is a CCP a counterparty to this transaction?	If so, the CCP. Otherwise, see step 2.
2.	Is a counterparty to this transaction a clearing member of a CCP, and if so is that clearing member acting in its clearing member capacity for this transaction?	If so, the clearing member. Otherwise, see step 3.
3.	Was the transaction executed on a trading platform?	If so, the trading platform. Otherwise, see step 4.
4.	Is the transaction cross-jurisdictional (ie, are the counterparties to the transaction subject to more than one jurisdiction's reporting rules)?	If so, see step 10. Otherwise, see step 5.
5.	Do both counterparties have reporting obligations?	If so, see step 6. Otherwise, see step 7.
6.	Has the transaction been electronically confirmed or will it be and, if so, is the confirmation platform able, willing and permitted to generate a UTI within the required time frame under the applicable rules?	If so, the confirmation platform. Otherwise, see step 7.
7.	Does the jurisdiction employ a counterparty-status-based approach (eg, rule definition or registration status) for determining which entity should have responsibility for generating the UTI?	If so, see step 8. Otherwise, see step 11.
8.	Do the counterparties have the same regulatory status for UTI generation purposes under the relevant jurisdiction?	If so, see step 11. Otherwise, see step 9.
9.	Do the applicable rules determine which entity should have responsibility for generating the UTI?	If so, the assigned entity. Otherwise, see step 12.

Step	Factor to consider	Responsibility for UTI generation
10.	Does one of the jurisdictions have a sooner deadline for reporting than the other(s)?	If so, then the UTI generation rules of the jurisdiction with the sooner reporting deadline should be followed. Otherwise, see step 11.
11.	Do the counterparties have an agreement governing which entity should have responsibility for generating the UTI for this transaction?	If so, the agreed entity. Otherwise, see step 12.
12.	Has the transaction been electronically confirmed or will it be and, if so, is the confirmation platform able, willing and permitted to generate a UTI within the required time frame under the applicable rules?	If so, the confirmation platform. Otherwise, see step 13.
13.	Is there a single TR to which reports relating to the transaction have to be made, and is that TR able, willing and permitted to generate UTIs under the applicable rules?	If so, the TR. Otherwise, one of the counterparties, based on sorting the identifiers of the counterparties with the characters of the identifier reversed and picking the counterparty that comes first in this sort sequence.

ANNEX 2 – Updated List of Financial Services Providers

The following entities are proposed to be designated as FSPs for the purposes of the Clearing Rules. Changes from the current FSP List are explained in the notes set out below:

	Name of the entities	Notes
1.	Abbey National Treasury Services plc	Part of a G-SIB group. It is no longer a member of an IRS CCP, but other entities within the group remain as members. We propose to keep it on the FSP List. Please refer to paragraphs 80 to 81.
2.	Agricultural Bank of China Limited	
3.	Banco Santander S.A.	
4.	Bank of America, N.A.	
5.	**Banque Palatine S.A.**	Part of a new G-SIB group and a member of an IRS CCP. We propose to include it in the updated FSP List. Please see paragraph 79.
6.	Barclays Bank PLC	
7.	**Barclays Bank UK PLC**	Part of a G-SIB group and a new member of an IRS CCP. We propose to include it in the updated FSP List. Please refer to paragraph 79.
8.	Barclays Capital Inc.	
9.	BNP Paribas Fortis SA/NV	
10.	BNP Paribas SA	
11.	BNP Paribas Securities Corp.	
12.	CACEIS Bank SA	
13.	Citibank, N.A.	
14.	Citigroup Global Markets Inc.	
15.	Citigroup Global Markets Japan Inc.	
16.	Citigroup Global Markets Limited	
17.	Credit Agricole Corporate and Investment Bank	
18.	Credit Foncier de France	
19.	Credit Suisse (Schweiz) AG	

	Name of the entities	Notes
20.	Credit Suisse AG	
21.	Credit Suisse International	
22.	Credit Suisse Securities (Japan) Limited	
23.	Credit Suisse Securities (USA) LLC	
24.	Deutsche Bank AG	
25.	Deutsche Bank Securities Inc.	Part of a G-SIB group. It is no longer a member of an IRS CCP but other entities within the group continue to remain as members. We propose to keep it on the FSP List. Please refer to paragraphs 80 to 81.
26.	DB Privat- und Firmenkundenbank AG	
27.	Goldman Sachs & Co. LLC	
28.	Goldman Sachs Bank USA	
29.	Goldman Sachs Financial Markets Pty Ltd	
30.	Goldman Sachs International	
31.	Goldman Sachs Japan Co., Ltd.	
32.	HSBC Bank plc	
33.	HSBC Bank USA, N.A.	
34.	HSBC France	
35.	HSBC Securities (USA) Inc.	
36.	**HSBC UK Bank plc**	Part of a G-SIB group and a new member of an IRS CCP. We propose to include it in the updated FSP List. Please refer to paragraph 79.
37.	ING Bank N.V.	
38.	ING Bank Slaski S.A.	
39.	ING-DiBa AG	Part of a G-SIB group. It is no longer a member of an IRS CCP but other entities within the group continue to remain as members. We propose to keep it on the list. Please refer to paragraphs 80 to 81.
40.	JPMorgan Chase Bank, N.A.	
41.	JPMorgan Securities Japan Co., Ltd.	

	Name of the entities	Notes
42.	J.P. Morgan Securities LLC	
43.	J.P. Morgan Securities plc	
44.	Merrill Lynch Capital Services Inc.	
45.	Merrill Lynch International	
46.	Merrill Lynch Japan Securities Co., Ltd.	
47.	Merrill Lynch, Pierce, Fenner & Smith Incorporated	
48.	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	
49.	Mizuho Bank, Ltd.	
50.	Mizuho Capital Markets LLC	
51.	Mizuho International plc	
52.	Morgan Stanley & Co. International plc	
53.	Morgan Stanley & Co. LLC	
54.	Morgan Stanley Capital Services LLC	
55.	Morgan Stanley MUFG Securities Co., Ltd.	
56.	MUFG Bank, Ltd.	
57.	MUFG Securities EMEA plc	
58.	NATIXIS	
59.	**National Westminster Bank Plc**	Part of a G15-dealers group and a new member of an IRS CCP. We propose to include it in the updated FSP List. Please refer to paragraph 79.
60.	NatWest Markets plc	
61.	Nomura Financial Products & Services, Inc.	
62.	Nomura Global Financial Products, Inc.	
63.	Nomura International plc	
64.	Nomura Securities Co., Ltd.	
65.	Nomura Securities International, Inc.	
66.	Nordea Bank Abp	Part of a group that is no longer a G-SIB. However, it continues to be a member of an IRS CCP. We propose to keep it on the FSP List. Please refer to paragraph 78(b).

	Name of the entities	Notes
67.	RBC Capital Markets, LLC	
68.	RBC Europe Limited	
69.	Royal Bank of Canada	
70.	Santander Investment Securities Inc.	
71.	SG Americas Securities LLC	
72.	SMBC Capital Markets Inc.	
73.	SMBC Nikko Securities Inc.	
74.	Societe Generale	
75.	Societe Generale International Limited	
76.	Standard Chartered Bank	
77.	Sumitomo Mitsui Banking Corporation	
78.	Sumitomo Mitsui Trust Bank, Limited	
79.	The Bank of New York Mellon	
80.	UBS AG	
81.	~~UBS Limited~~ **UBS Europe SE**	UBS Limited has transferred its business to UBS Europe SE, and its membership at an IRS CCP has also reflected this change. Please refer to paragraph 84.
82.	UBS Securities LLC	
83.	UniCredit Bank AG	
84.	UniCredit Bank Austria AG	
85.	UniCredit S.p.A.	
86.	Wells Fargo Bank, N.A.	
87.	Wells Fargo Securities, LLC	