

Joint consultation paper on enhancements to the OTC derivatives regime for Hong Kong to – (1) mandate the use of Legal Entity Identifiers for the reporting obligation, (2) expand the clearing obligation and (3) adopt a trading determination process for introducing a platform trading obligation

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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 Securities and Futures Commission (**SFC**) have been working with the Hong Kong Government and stakeholders to implement 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**), with Phase 2 Reporting covering all five asset classes (interest rates, foreign exchange, credit, commodities and equities) of OTC derivatives. We have also introduced the first phase of mandatory clearing (**Phase 1 Clearing**) covering certain standardised interest rate swaps under certain circumstances. This consultation focuses on (i) mandating the use of an Legal Entity Identifier (**LEI**) for the reporting obligation; (ii) the expansion of the clearing obligation; and (iii) adopting a trading determination process for introducing a platform trading obligation.

This paper should be read together with papers relating to earlier consultations on the implementation of the OTC derivatives regulatory regime, including the September 2015 Consultation Paper, the February 2016 Conclusions Paper and the July 2016 Conclusions Paper¹. All papers can be viewed on both the HKMA and SFC websites.

Interested parties are invited to submit written comments on the proposals. Comments should reach either the HKMA or SFC on or before 27 April 2018. 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
The Securities and Futures Commission
35/F Cheung Kong Center
2 Queen's Road Central
Hong Kong

Any person wishing to submit comments on behalf of any 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 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.

¹ The September 2015 Consultation Paper refers to the joint consultation issued by the HKMA and SFC on 30 September 2015, which discussed proposals to introduce the clearing obligation and expand the reporting obligation for OTC derivative transactions. The February 2016 Conclusions Paper refers to the joint conclusions and further consultation issued by the HKMA and SFC on 5 February 2016, which addressed respondents' comments on the September 2015 Consultation Paper, finalised the proposals and sought views on data fields for Phase 2 reporting and the proposed list of financial services providers. The July 2016 Conclusions Paper refers to the joint conclusions paper issued by the HKMA and SFC on 15 July 2016 which concluded on the list of data fields for Phase 2 reporting and the final list of financial services providers.

You may not wish your name or submission to be published by the HKMA and 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.

March 2018

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 Data² will be used following collection, what you are agreeing to with respect to the HKMA's and 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 and SFC for one or more of the following purposes –
 - (a) to administer –
 - (i) in the case of the HKMA, the provisions of the Banking Ordinance (Cap. 155) and guidelines published pursuant to the powers vested in the HKMA; and
 - (ii) in the case of the SFC, the relevant provisions³ and codes and guidelines published pursuant to the powers vested in the SFC;
 - (b) in performing –
 - (i) in the case of the HKMA, statutory functions under the provisions of the Banking Ordinance (Cap. 155) and the Securities and Futures Ordinance (Cap. 571); and
 - (ii) in the case of the SFC, its statutory functions under the 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 and 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

² Personal data means personal information as defined in the Personal Data (Privacy) Ordinance (Cap. 486).

³ 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).

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

Retention

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

Enquiries

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

In the case of the HKMA –

Personal Data Privacy Officer
Hong Kong Monetary Authority
55/F Two International Finance Centre
8 Finance Street
Central Hong Kong

In the case of the SFC –

The Data Privacy Officer
The Securities and Futures Commission
35/F Cheung Kong Center
2 Queen's Road Central
Hong Kong

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

EXECUTIVE SUMMARY

1. In line with G20 commitments to reform the OTC derivatives market, the HKMA and SFC have been working on implementing a regulatory regime for OTC derivatives in Hong Kong. The regime, which is now in place, provides for the introduction of reporting, clearing, trading and record keeping obligations in respect of OTC derivative transactions.
2. In line with other markets, our OTC derivatives regulatory regime is being implemented in phases. To that end, Phase 1 Reporting came into force on 10 July 2015, followed by Phase 2 Reporting on 1 July 2017. Phase 1 Clearing became effective on 1 September 2016.
3. This consultation focusses on –
 - (i) mandating the use of LEIs for the reporting obligation;
 - (ii) expansion of the clearing obligation (**Phase 2 Clearing**); and
 - (iii) adopting a trading determination process for introducing a platform trading obligation.

Mandating the use of LEIs for reporting obligation

4. We propose to mandate the use of LEIs in OTC derivatives trade reporting so that all entities contained in a transaction report to be submitted to the Hong Kong Trade Repository (**HKTR**) would eventually be identified by their LEIs. The proposal would cover HKTR members, reporting entities (ie, entities that are subject to reporting obligation), transacting parties of trades, and other entities contained in transaction reports such as central counterparties (**CCPs**) and providers of clearing services.
5. We propose to have staggered timelines for implementing the mandatory use of LEIs so that (a) reporting entities, (b) transacting parties which reporting entities report or act for, (c) HKTR members, (d) CCPs, and (e) providers of clearing services are required to be identified by their LEIs in trade reporting six months from the publication of the conclusions to this consultation. As for other transacting parties to reportable trades which do not fall into any of the former categories of entities mentioned above, we propose a later date of January 2020.
6. We believe the former categories of entities should not have issues with obtaining an LEI as they either have an LEI or are in the process of obtaining one to meet overseas requirements. The last category of entities (ie, other transacting parties to reportable trades which do not fall into any of the former categories of entities) may include many small-sized entities and we have therefore provided more time before we impose the requirement to use LEIs to identify them.
7. For trades that have already been reported to the HKTR, in order to minimise the compliance burden on market participants, we propose that reporting entities are not required to replace previously reported entity identifiers with LEIs, unless there is a life-cycle event on or after the implementation dates. That said, the reporting of daily

valuation information on or after the first implementation date for all transactions will require the use of an LEI as the identifier for the reporting entity.

8. Currently the HKTR accepts a waterfall of entity identifiers and reporting entities are required to follow the priority in accordance with the Supplementary Reporting Instructions (**SRI**) published by the HKMA. If the proposals are to be implemented, we will amend the SRI accordingly and where appropriate the gazetted data fields for mandatory reporting.

Phase 2 Clearing

9. Based on information received from the HKTR, we propose expanding the scope of products subject to clearing obligation to include certain standardised Australian Dollar (**AUD**) interest rate swaps (**IRS**).
10. We take this opportunity to consult on our proposed approaches to certain aspects of our clearing regime, including (i) revising the current list of Financial Services Providers (**FSP**) and its annual update going forward, (ii) the addition of new Calculation Periods, and (iii) maintaining the current scope of Prescribed Person, the level of Clearing Threshold and the frequency and length of Calculation Period to be the same as they are currently set out under the Clearing Rules⁴.
11. In regard to the expansion of product scope to include certain AUD IRS for Phase 2 Clearing as well as the addition of new Calculation Periods, amendments to subsidiary legislation will be needed to implement the proposed changes. If the proposals are to go ahead, we aim to start working with the Government on the legislative amendments as soon as possible so that the proposed amendments can be tabled before the legislature in the next legislative session that commences in September 2018. Further, in proposing to include AUD IRS in Phase 2 Clearing, we will maintain close dialogue with market participants to ensure their readiness before implementing the legislative amendments.
12. Once the revised FSP list is finalised, the SFC, with the consent of the HKMA, intends to designate entities on the list as FSPs and have the list published in the Government Gazette in the second half of 2018.

Adoption of a trading determination process for introducing platform trading obligation

13. As a first step towards the possible introduction of a platform trading obligation, we propose to formally adopt a trading determination process for identifying which products are appropriate to be subject to a platform trading obligation in Hong Kong. The process entails taking into account factors that we currently use in our feasibility study of introducing a platform trading obligation. These factors are also broadly similar to criteria used in other jurisdictions.

⁴ Clearing Rules means Securities and Futures (OTC Derivative Transactions – Clearing and Record Keeping Obligations and Designation of Central Counterparties) Rules.

Timeline for submitting comments

14. Our proposals are largely in line with requirements imposed in other major jurisdictions. Therefore, we believe that market participants will have anticipated the substance of our proposals.
15. In view of the above, we propose to allow one month for the submission of comments, ie, comments on our proposals must reach the HKMA or the SFC by no later than 27 April 2018.

INTRODUCTION

16. The SFC and HKMA have been implementing an OTC derivatives regulatory regime in Hong Kong. Phase 1 Reporting came into effect on 10 July 2015, followed by Phase 2 Reporting on 1 July 2017. Phase 1 Clearing commenced on 1 September 2016.
17. Our next goal is to (i) mandate the use of an LEI for reporting obligation; (ii) expand the clearing obligation by introducing Phase 2 Clearing; and (iii) adopt a trading determination process for introducing a platform trading obligation.

MANDATING THE USE OF LEGAL ENTITY IDENTIFIERS FOR REPORTING OBLIGATION

A. Current Use of Identifiers in Reporting OTC Derivatives

18. The reporting obligation aims to improve transparency. To achieve this, it is important that information about the relevant parties of a trade is included in the transaction report submitted to the HKTR. This enables the aggregation of information about positions of the same party received from different reports or sources for the purposes of data analysis and the identification of significant players in the market who may contribute to systemic risks.
19. The HKTR currently supports a variety of identifiers for indicating the identity of entities that are not private individuals. These include TR Member Code issued by the HKTR, LEI issued under the Global LEI System, BIC issued by SWIFT under ISO 9362, Certificate of Incorporation Number or Certificate of Registration of Non-Hong Kong Company number issued by the Company Registry of Hong Kong, as well as Business Registration number issued by the Inland Revenue Department of the Hong Kong Government.
20. Reporting entities are required to use an identifier in accordance with a waterfall of priority as indicated in the SRI published by the HKMA. This means if an entity does not have the top priority identifiers on the waterfall, the reporting entity should use the next available identifier on the waterfall.

B. Global adoption of LEIs

21. After the 2008 global financial crisis, the G20 Leaders supported the creation of a global LEI system at the Cannes Summit in November 2011 and encouraged “global adoption of LEIs to support authorities and market participants in identifying and managing financial risks” at the June 2012 Los Cabos Summit. In its 8 June 2012 report entitled *A Global Legal Entity Identifier for Financial Markets*, the Financial Stability Board (**FSB**) stated that it “strongly supports the rapid implementation of the global LEI system and that early delivery of the system would advance multiple G20

financial market initiatives”. Based on the FSB recommendations, regulators and authorities worked with private-sector entities and created the Global LEI System, with a free, publicly available on-line directory.

22. An LEI is a unique 20-digit, alpha-numeric code assigned to a legal entity based on the ISO 17442 standard. It connects to key reference information that enables the clear and unique identification of legal entities participating in financial transactions. The basic information available with the LEI reference data is referred to as Level 1 data. This is business card information such as the official name and registered address of the legal entity and the country of its formation. Currently, the LEI data pool is being gradually enhanced to include Level 2 data, which shows the direct and ultimate parents of legal entities. It is expected that parent company information will become available for most of the LEI population in the first half of 2018 at the latest.
23. It is worth highlighting that as set out in ISO 17442, the standard underlying LEIs, all unique parties that are legally or financially responsible for the performance of financial transactions or have the legal right in their jurisdiction to enter independently into legal contracts are eligible to obtain LEIs, regardless of whether they are incorporated or constituted in some other way (eg, trust, partnership, contract). We understand that the term “legal entity” includes governmental organisations and supra-nationals.
24. We also understand that in principle, natural persons are not eligible to obtain LEIs, although under some conditions individuals acting in a business capacity are eligible.
25. LEIs are now widely used in various FSB jurisdictions to support regulatory activities. Currently, authorities such as those in the European Union, Commodity Futures Trading Commission (**CFTC**) and Securities and Exchange Commission of the United States, Reserve Bank of India and certain Canadian provincial regulators have mandated the use of LEIs. As of today, over 1 million LEIs have been issued worldwide.⁵
26. A recent study⁶ shows that using LEIs has the following benefits to market participants –
 - (a) It reduces transactional and operational friction in the identification of transaction counterparties;
 - (b) It makes important information about the background of a legal entity in a particular transaction more accessible and traceable;
 - (c) It reduces the cost of onboarding clients and processing trades;
 - (d) It simplifies and expedites reconciliation among different systems and networks; and
 - (e) It expedites the execution of transactions and improves risk management for individual firms and the entire market.

⁵ According to statistics provided by the Global Legal Entity Identifier Foundation: <http://www.gleif.org/lei-data/global-lei-index/lei-statistics>

⁶ “The Legal Entity Identifier: The Value of the Unique Counterparty ID” published by McKinsey & Company and Global Legal Entity Identifier Foundation in October 2017.

27. The same study shows that for regulators, the adoption of a global standard of legal entity identifiers in OTC derivatives trade reporting has the following added benefits –
- (a) It improves the quality and accuracy of data in trade repositories, hence increasing market transparency;
 - (b) It facilitates data validation, data analysis and data aggregation among different trade repositories;
 - (c) It enhances risk monitoring and prudential risks assessment, hence promoting market stability;
 - (d) It renders market surveillance and market supervision more efficient and effective, hence minimising market abuse; and
 - (e) It promotes the adoption of Unique Transaction Identifier, the formation of which comprises the LEI code.

C. Proposal to mandate the use of LEIs in Hong Kong

28. Given the international trend towards adopting LEIs as a global standard, and its benefits to the financial market as a whole, we propose to mandate the use of LEIs in OTC derivatives trade reporting so that all reports (eg, new trade reports, reports of life-cycle events and valuation information reports) to be submitted to the HKTR must include LEIs for the following entities if these entities need to be reported in the mandatory data fields -
- (a) reporting entities (ie, the entities that are subject to reporting obligation);
 - (b) transacting parties that reporting entities report or act for (ie, transacting parties under the “Reporting For” data field);
 - (c) HKTR members;
 - (d) CCPs;
 - (e) providers of clearing services; and
 - (f) other entities that are transacting parties to reportable trades but do not fall into any of the above categories.
29. We propose to have staggered timelines for implementing the mandatory use of LEIs in trade reporting in Hong Kong. In the first phase, we propose a six-month gap between publication of the conclusions to this consultation and the implementation of the requirement to use LEIs to identify any entity falling within paragraphs 28(a), 28(b), 28(c), 28(d) and 28(e).
30. An LEI is currently one of the identifiers supported and accepted by the HKTR and the use of LEIs is high for reporting entities. As of February 2018, around 90% of the number of outstanding transactions reported to the HKTR can be mapped to an LEI or were reported with an LEI as the identifier for the transacting parties to the reported transactions. For transacting parties that reporting entities report or act for, we believe the majority of them are already subject to the LEI requirement in other jurisdictions. This is also the case for CCPs and providers of clearing services. We expect the adoption rate of LEIs will increase over time with more jurisdictions mandating its use. As such, there should not be any difficulty in identifying these entities by LEIs in Hong Kong trade reporting.

31. We believe the entities falling under paragraph 28(f) would include many small-sized entities that are transacting parties to reportable trades but may not be subject to any reporting obligations (eg, local clients of Authorized Institutions (**AIs**) that enter into a small number of foreign exchange transactions for hedging purposes). As they may need more time to apply for LEIs, we propose a later date of January 2020 for entities under paragraph 28(f) to be identified by LEIs in trade reporting. This will give market participants more time to reach out to their clients. In the first phase of mandatory use of the LEI in trade reporting, entities under paragraph 28(f) can continue to be identified as per the current practice set out in the SRI until January 2020.
32. For transaction information in a transaction report, in order to minimise the compliance burden on market participants, we propose to require use of LEIs only in the reporting of new trades and life-cycle events that take place on or after the implementation dates. This means that for trades already reported to the HKTR, reporting entities are not required to replace the previously reported entity identifiers with LEIs, unless there is a life-cycle event on or after the respective implementation.
33. For valuation information in a transaction report, we note that the current requirement involves identifying the reporting entity (but not any of the transacting parties) in the Valuation template. Consequently, we propose that the requirement to use LEIs will be applicable to identifying the reporting entity for reporting of daily valuation information on or after the first implementation date. This is the case for trades that have already been reported to the HKTR as well as new transactions going forward. We do not believe including their own LEI in the daily valuation information will place an undue compliance burden on reporting entities.
34. If the proposals are to go ahead, the relevant requirements in the SRI and where appropriate the gazetted data fields for mandatory reporting will be amended accordingly.
35. It should be noted that some entities may fall into more than one category under paragraphs 28(a) to 28(e) above. For example, an HKTR member may also be a reporting entity or transacting party in a transaction. However, an entity falling into any one of these categories cannot be an entity under paragraph 28(f). This means for an entity falling under paragraphs 28(a) to 28(e), the implementation timeline for identifying this entity by an LEI in trade reporting will always be the first phase, regardless of how many categories it may fall into.
36. Currently, a small number of OTC derivatives transactions reported to the HKTR involve a natural person acting as a transacting party. These account for around 2% of the total number of outstanding transactions reported to the HKTR as at February 2018. Reporting entities of these transactions are allowed not to disclose the identity of the natural persons concerned. As LEIs are not applicable to natural persons in general, the current treatment for reporting the identity of natural persons under the SRI will remain unchanged.
37. Further, we wish to clarify that the masking relief currently applicable under the Securities and Futures (OTC Derivative Transactions – Reporting and Record Keeping Obligations) Rules (for reporting barriers in other jurisdictions prohibiting the identification of transacting parties) will not be affected by the proposal to mandate

the use of LEIs in trade reporting. In view of the FSB's recommendations calling for the removal of reporting barriers by June 2018 and masking relief by December 2018, once barriers to reporting are removed, we will separately look into the appropriateness of continuing with our masking relief at a later stage.

38. A final point to note is the implication for market participants of full implementation of the LEI reporting requirement. After the two phases of implementation, if a reporting entity is unable to identify its transacting party by an LEI, it should refrain from entering into the transaction. This is similar to requirements in other major jurisdictions. Given the global trend towards the use of LEIs and the extended period of time given to entities in the second implementation phase, we take the view that full implementation of the use of LEIs in trade reporting as proposed above will not create an undue burden.

- Q1. Do you have any comments or concerns about how we propose to mandate the use of LEIs in OTC derivatives trade reporting? Where appropriate, please separate your comments and concerns for the two phases and the treatment of trades that have already been reported to the HKTR.**
- Q2. Will you have any difficulties adopting the use of LEIs in OTC derivatives trade reporting according to the proposed timelines? If so, please provide details of your difficulties.**

PHASE 2 CLEARING

A. Expansion of Product Scope to include AUD IRS

39. Phase 1 Clearing came into effect on 1 September 2016. This requires the clearing via designated CCPs of certain plain vanilla IRS entered into on and after 1 July 2017, subject to certain conditions being met. The product scope of IRS covered under our Phase 1 clearing includes fixed-to-floating swaps and basis swaps denominated in HKD and G4 currencies, as well as overnight index swaps (**OIS**) denominated in USD, EUR and GBP.
40. Since the implementation of Phase 1 Clearing, we have reviewed the latest data reported to the HKTR under Phase 2 Reporting, to determine whether the current scope of products should be expanded, taking into account international practices and characteristics of our market.
41. Having considered the following factors set out in our clearing determination process⁷, we propose to expand the product scope of IRS to include plain vanilla AUD IRS -

⁷ Under our clearing determination process, we look at the following factors when deciding which products should be subject to the clearing obligation. Specifically, we propose that the process should entail taking into account the following factors – (a) whether the product is sufficiently standardised for central clearing; (b) whether there are fair, reliable and generally acceptable pricing sources for the product; (c) the nature, depth and liquidity of the market for the

- (a) AUD plain vanilla IRS, as with plain vanilla IRS denominated in other major currencies, are generally considered to be standardised contracts, and they are products that are cleared by most major IRS CCPs.
- (b) There are fair, reliable and generally acceptable pricing sources for plain vanilla AUD IRS as they are standardised products and are regularly cleared by most major IRS CCPs.
- (c) There is depth and liquidity for plain vanilla AUD IRS in the market. In this regard, the latest available data from the HKTR show that the AUD IRS had the highest level of transactions (by notional value) amongst currencies not yet mandated for clearing, and as of December 2017, contributed to around 15% of the total outstanding gross notional value of IRS transactions⁸. This was in a similar range as the percentage of outstanding IRS transactions by notional value that are denominated in HKD and JPY.
- (d) We expect any product with a high volume of activities in Hong Kong may pose significant systemic risk to our market. Due to the percentage of outstanding AUD IRS transactions as stated above, we consider that AUD IRS may pose a certain level of systemic risk to the Hong Kong market.
- (e) We do not believe that imposing a clearing obligation for plain vanilla AUD IRS will have a significant impact on the market and market participants. Based on the latest information from the HKTR as of December 2017, 91% of the AUD IRS transactions by notional value reported to the HKTR have already been centrally cleared. We estimated that an additional 2% of outstanding AUD IRS transactions by notional value would have to be centrally cleared if AUD IRS were mandated.
- (f) Regulators in some other jurisdictions consider such product to be suitable for clearing obligation. In this regard, we note that the CFTC in the United States and authorities in Australia have both mandated the AUD IRS (ie, fixed-to-floating swaps, basis swaps, and OIS) for their respective clearing mandate.
- (g) There are various CCPs offering services for clearing such product. In this regard, we understand that access to clearing services for AUD IRS should not be an issue as currently, at least two designated CCPs are able to provide clearing services for AUD IRS. We do not rule out other CCPs seeking authorisation and designation in Hong Kong if AUD IRS is mandated for clearing.

42. In proposing to include AUD IRS in Phase 2 Clearing, we will maintain close dialogue with market participants to ensure their readiness before the requirements come into effect.

43. The tables below reflect the expanded scope of products to include AUD IRS (highlighted in red) with the following features -

product; (d) the level of systemic risk posed by the product; (e) the impact to the market and market participants of imposing a clearing obligation in respect of the product; (f) whether regulators in other jurisdictions consider such product to be suitable for clearing obligation, and (g) whether any CCP authorized by the SFC offers, or is proposing to offer, services for clearing such product.

⁸ The 15% percentage stated excludes transactions that are intragroup transactions and takes into account transactions with at least one side being booked in Hong Kong or booked at overseas branches of locally incorporated prescribed persons.

Basis Swaps

Item	Currency	Floating Rate Index	Tenor	Optionality	Constant Notional
1.	USD	LIBOR	28 days to 10 years	No	Yes
2.	EUR	EURIBOR	28 days to 10 years	No	Yes
3.	GBP	LIBOR	28 days to 10 years	No	Yes
4.	JPY	LIBOR	28 days to 10 years	No	Yes
5.	HKD	HIBOR	28 days to 10 years	No	Yes
<u>6.</u>	<u>AUD</u>	<u>BBSW</u>	<u>28 days to 10 years</u>	<u>No</u>	<u>Yes</u>

Fixed-to-Floating Swaps (except overnight index swaps)

Item	Currency	Floating Rate Index	Tenor	Optionality	Constant Notional
1.	USD	LIBOR	28 days to 10 years	No	Yes
2.	EUR	EURIBOR	28 days to 10 years	No	Yes
3.	GBP	LIBOR	28 days to 10 years	No	Yes
4.	JPY	LIBOR	28 days to 10 years	No	Yes
5.	HKD	HIBOR	28 days to 10 years	No	Yes
<u>6.</u>	<u>AUD</u>	<u>BBSW</u>	<u>28 days to 10 years</u>	<u>No</u>	<u>Yes</u>

Overnight Index Swaps

Item	Currency	Floating Rate Index	Tenor	Optionality	Constant Notional
1.	USD	FedFunds	7 days to 2 years	No	Yes
2.	EUR	EONIA	7 days to 2 years	No	Yes
3.	GBP	SONIA	7 days to 2 years	No	Yes
<u>4.</u>	<u>AUD</u>	<u>IBOC⁹</u>	<u>7 days to 2 years</u>	<u>No</u>	<u>Yes</u>

⁹ IBOC is the RBA's Interbank Overnight Cash reference rate (also known as RBA30). It is sometimes being referred as AONIA-OIS outside of Australia.

44. Other than AUD IRS, we do not propose to introduce other new products for the clearing obligation at this stage. Based on data reported to the HKTR under Phase 2 Reporting, 85% of the total outstanding gross notional value of standardised products in the HKTR are interest rate and FX derivatives.
- (a) In regard to deliverable FX forwards, we reiterate our position set out in our earlier consultations that they are not the focus of our mandatory clearing regime given their short-term nature and unique settlement process.
 - (b) In regard to forward rate agreements (**FRA**) and credit default swaps (**CDS**), whilst we appreciate that some overseas jurisdictions have mandated these products for central clearing, we believe it is not necessary for us to do the same due to their low level of activities in Hong Kong. Based on data reported to the HKTR under Phase 2 Reporting, FRAs and CDS together accounted for less than 3% of the total outstanding gross notional value of standardised products in the HKTR.

Q3. Do you have any comments or concerns about our proposal to include the full range of IRS denominated in AUD under Phase 2 Clearing, ie, fixed-to-floating swap, basis swap and OIS? If you do, please provide specific details.

Q4. Do you have any comments or concerns about our proposal not to introduce new products for Phase 2 Clearing other than IRS denominated in AUD? If so, please provide specific details.

B. Scope of Prescribed Person to remain the same

45. For Phase 1 Clearing, we restrict the scope of Prescribed Person (ie, a person who is subject to the clearing obligation as set out in the Clearing Rules) to only include AIs, Approved Money Brokers (**AMBs**) and Licensed Corporations (**LCs**). This was because we believed that major dealers with a presence in Hong Kong would mostly be AIs or LCs with significant outstanding positions in OTC derivative transactions. They may also be AMBs, but this is less likely given that AMBs do not tend to hold positions in OTC derivative transactions. We said at the time that we would review the scope of Prescribed Person and expand it as appropriate in later phases.
46. Based on data reported under Phase 2 Reporting, it is clear that the OTC derivatives market in Hong Kong continues to be dominated by inter-dealer trades and these are mainly AIs and LCs, with AIs being the dominant players.
47. Therefore, we believe the current scope of Prescribed Person will remain appropriate until the evidence suggests that market participants in Hong Kong who are outside the current scope of Prescribed Person are actively dealing in OTC derivatives.

Q5. Do you have any comments or concerns about our proposal to maintain the current scope of Prescribed Person? If you do, please provide specific

C. Criteria for Financial Services Providers

48. When we implemented Phase 1 Clearing, our intention was to cover transactions between major dealers where at least one of them is a Prescribed Person (ie, an AI, AMB or LC). The FSP concept was therefore introduced as a way to identify major dealers outside of Hong Kong that are not AIs, AMBs or LCs.
49. The current list of FSPs was gazetted in August 2016 and came into effect on 1 September 2016. To reiterate, the FSP list under Phase 1 Clearing are entities that are –
- (i) members of the largest IRS CCPs in the US, Europe, Japan and Hong Kong as at the time of our issue of the 5 February 2016 Conclusions Paper; and
 - (ii) belong to a group appearing on the list of global systemically important banks (**GSIBs**) published by the FSB in November 2015, and/or on the list of dealer groups (**G15-dealers**) 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.
50. In our initial consultation on the FSP list, for the qualifying limb under (i) above, we proposed to include affiliates of clearing members of such IRS CCPs, as such affiliates would have access to clearing services. We received market feedback suggesting that we should be in line with Europe's approach where the first category of entities subject to EMIR's¹⁰ clearing mandate were restricted to clearing members of specified CCPs. We were asked not to front-run EMIR requirements on clearing obligation, as that may create an undue compliance burden on market participants.
51. EMIR's clearing obligation commenced in June 2017, and the clearing obligation now extends beyond clearing members of CCPs. We believe it is now the appropriate time for us to review whether it is necessary to broaden the FSP criteria, and if so, how best we can do so. In this regard, based on data reported to the HKTR under Phase 2 Reporting, over 93% of the IRS transactions between group entities of GSIBs or G15-dealers and Prescribed Persons were transacted through entities which are on our FSP list.
52. Given that 93% of such transactions are covered by the current FSP list, we will assess the incremental costs of expanding the FSP criteria by including affiliates of clearing members of major IRS CCPs. In our deliberation, we have taken on board the industry's earlier request that we exclude affiliates that have limited operational capacity or low level of activity or exposure in Hong Kong. In order to do so, we will need to set a threshold that only covers those affiliates with significant dealings in OTC derivatives. However, we were previously told that obtaining confirmation of the average position of an overseas counterparty would be operationally challenging as the counterparty may not be familiar with Hong Kong requirements and is under no

¹⁰ European Markets Infrastructure Regulations.

obligation to perform the calculation as required. Therefore, it would be equally difficult for a Prescribed Person to gauge whether its overseas counterparty would in time reach the threshold to be included in the FSP list.

53. On balance, we believe the compliance costs of including affiliates of the FSPs on the current list outweigh the incremental benefits of increasing the present coverage to above 93%. Consequently, we do not propose changing the current FSP criteria. That said, we would continue to monitor data received from the HKTR and would consider changing the FSP criteria should it become appropriate at a later time.

Q6. Do you have any comments or concerns about our proposal to maintain the FSP criteria? If you do, please provide specific details.

D. Updating the FSP list

54. We said earlier that we would continue to monitor global developments to ensure that the FSP list remains relevant and appropriate for each phase of clearing implementation. This is because there may be changes to the entities in the FSP list, for example, a new GSIB or additional entities belonging to the group of GSIBs or G15-dealers that have become clearing members of a major IRS CCP.

FSB's list of GSIBs

55. In this regard, the banking groups in the FSB's list of GSIBs issued on 5 November 2015 and 21 November 2016 are the same, with the recent list of GSIBs issued on 21 November 2017 containing some changes. We therefore propose to revise the FSP list to reflect the changes as follows -
- (a) Royal Bank of Canada was added as a new GSIB in November 2017. There are three entities within the group of Royal Bank of Canada that are also clearing members of major IRS CCPs. They are RBC Capital Markets LLC, RBC Europe Limited and Royal Bank of Canada. Accordingly, we propose to add these three entities to the revised FSP list.
 - (b) Groupe BPCE is no longer a GSIB. Its affiliates Credit Foncier de France and Natixis are on the current FSP list. In this regard, we propose that once an entity is included in the FSP list, it would remain on the list, even if its group is no longer a GSIB, so long as it continues to be a clearing member of a major IRS CCP. This is because the entity would still have access to clearing services, and having previously been on the GSIB list is an indication that the level of OTC derivatives activity can still be substantial. This is unless the reason for being dropped from the GSIB list is that the group has undergone a permanent change of business model or has exited the OTC derivatives sphere. Accordingly, Natixis and Credit Foncier de France will remain on the revised FSP list.

Clearing members of major IRS CCPs since the 5 February 2016 Conclusions Paper

56. We propose to also revise the FSP list to reflect new entities that are part of a GSIB group or G15-dealers group that have become members of major IRS CCPs since our 5 February 2016 Conclusions Paper. Based on information on clearing membership of major IRS CCPs as at 28 February 2018, the following entities are new clearing members that we propose to include in the revised FSP list –
- (a) Agricultural Bank of China Limited
 - (b) CACEIS Bank SA
 - (c) Credit Suisse (Schweiz) AG
 - (d) Goldman Sachs Financial Markets Pty Ltd
 - (e) Nomura Financial Products & Services, Inc.
 - (f) Santander Investment Securities Inc.
57. In respect of GSIB or G15-dealers entities that are no longer members of IRS CCPs, our proposal is to keep them on the FSP list, unless there is no longer any entity within the group that is a clearing member of a major IRS CCP. This is because the entity would still have access to clearing services via its clearing member affiliate. This approach will minimise changes to the FSP list and prevent any avoidance of our clearing obligation simply by changing the CCP membership within the group.
58. That said, in the unlikely event that an entity withdraws from clearing membership in a major IRS CCP due to a permanent change in its business model, any Prescribed Person can approach the relevant regulator to apply for the entity to be removed from the FSP list.

Miscellaneous changes

59. We take this opportunity to revise the FSP list to include name changes of entities, as well as removing entities that we understand from publicly available sources to have already been dissolved or liquidated. Lastly, we also noticed that two clearing members of major IRS CCPs belonging to two GSIB groups were inadvertently omitted from the FSP list as of the 5 February 2016 Conclusions Paper. We would like to take this opportunity to correct the omission. The two entities are –
- (a) Abbey National Treasury Services plc
 - (b) Deutsche Postbank AG

Annual update

60. In respect of the FSP list going forward, we propose to do an annual update based on a snapshot of the entities that would fall within the criteria for FSP at the end of each calendar year. The intention is to consult the market in Q1 of the following year so that the updated FSP list will be effective on 1 September of the same year.

61. The revised FSP list, consolidating all proposed changes set out above, is set out in Annex 1 to the Consultation Paper. The proposed changes are also highlighted for easy reference. We propose to adopt the revised FSP list and have it gazetted within the second half of 2018.

Q7. Do you have any comments or concerns on our proposed revised FSP list? If you do, please provide specific details.

Q8. Do you have any comments or concerns about our approach to annually updating the FSP list and the exit mechanism from the FSP list? If you do, please provide specific details.

E. Clearing Threshold and calculation method to remain

62. In Phase 1 Clearing, the Clearing Threshold to determine whether a Prescribed Person would be subject to the clearing obligation is US\$20 billion. At the time, we said we would keep the Clearing Threshold at the same level for the next two years and consult the market before lowering it.
63. We have reviewed the latest OTC derivatives data of Prescribed Persons, in order to determine whether the current prescribed level of US\$ 20 billion remains appropriate.
64. A review of AIs' positions (based on the latest available data from the HKTR and information collected from regular banking surveys) shows that the current Clearing Threshold will capture institutions that, in aggregate, accounted for approximately 96% of all AIs' OTC derivatives positions during the sample period. Therefore, the current level remains effective in capturing major dealers in Hong Kong for clearing. We also note that most of the LCs who are global dealers continue to book their OTC derivatives transactions offshore, and only one LC has positions reaching the Clearing Threshold.
65. Accordingly, we believe that the current Clearing Threshold is adequate for our purposes. In addition, we do not see any reason to change the calculation method for measuring outstanding positions against the threshold. We therefore do not propose any change to either of these.

Q9. Do you have any comments or concerns regarding our proposal to maintain the Clearing Threshold and the calculation method of outstanding positions to be measured against the threshold? If you do, please provide specific details.

F. Frequency and length of Calculation Period to remain

66. In Phase 1 Clearing, we set the Clearing Threshold by reference to a Calculation Periods of three consecutive months, with two Calculation Periods in each calendar

year, so that there is a gap of six months between the start of each Calculation Period. We said in our 5 February 2016 Conclusions Paper that we may, in future, extend the time period between each Calculation Period as appropriate and necessary, taking into account any revised Clearing Threshold proposed and the scope of market participants covered.

67. We do not propose a change in the frequency of the Calculation Period nor the length of each Calculation Period, given that we will not change the Clearing Threshold nor the scope of market participants covered.

Q10. Do you have any comments or concerns regarding our proposal to maintain the current frequency of two Calculation Periods in a year and the length of three consecutive calendar months for each Calculation Period?

G. Additional Calculation Periods

68. We provided for four Calculation Periods in Phase 1 Clearing, with the last Calculation Period ending on 31 May 2018. In considering whether to roll out additional Calculation Periods going forward, we said earlier that the use of multiple Calculation Periods will mean that new dealers entering our market will be covered in time. It may also lessen the likelihood of potential abuse by market participants who deliberately adjust their positions for a particular Calculation Period to avoid the clearing obligation. Therefore, we believe it remains appropriate to roll out additional Calculation Periods for the next four years to cover new dealers entering our market.
69. In this regard, we propose to add eight new Calculation Periods to the Clearing Rules. As we do not propose changing the frequency nor the length of the Calculation Periods, similar to Phase 1 Clearing –
- (a) there is a six-month gap between the start of each Calculation Period so that there will be no more than two Calculation Periods in each calendar year; and
 - (b) the Prescribed Day for a Calculation Period is the day that falls seven months after the end of that Calculation Period.
70. The proposed additional Calculation Periods are set out in the table below (marked up in red italics). In view of the time needed to complete the consultation and the necessary legislative process, we propose that the first new Calculation Period will commence on 1 March 2019.

Calculation Periods, Clearing Thresholds and Prescribed Days

Column 1	Column 2	Column 3	Column 4
Item	Calculation Period	Clearing Threshold	Prescribed Day
1.	1 September 2016 to 30 November 2016	US\$20 billion	1 July 2017

2.	1 March 2017 to 31 May 2017	US\$20 billion	1 January 2018
3.	1 September 2017 to 30 November 2017	US\$20 billion	1 July 2018
4.	1 March 2018 to 31 May 2018	US\$20 billion	1 January 2019
5.	<i>1 March 2019 to 31 May 2019</i>	<i>US\$20 billion</i>	<i>1 January 2020</i>
6.	<i>1 September 2019 to 30 November 2019</i>	<i>US\$20 billion</i>	<i>1 July 2020</i>
7.	<i>1 March 2020 to 31 May 2020</i>	<i>US\$20 billion</i>	<i>1 January 2021</i>
8.	<i>1 September 2020 to 30 November 2020</i>	<i>US\$20 billion</i>	<i>1 July 2021</i>
9	<i>1 March 2021 to 31 May 2021</i>	<i>US\$20 billion</i>	<i>1 January 2022</i>
10	<i>1 September 2021 to 30 November 2021</i>	<i>US\$20 billion</i>	<i>1 July 2022</i>
11	<i>1 March 2022 to 31 May 2022</i>	<i>US\$20 billion</i>	<i>1 January 2023</i>
12	<i>1 September 2022 to 30 November 2022</i>	<i>US\$20 billion</i>	<i>1 July 2023</i>

Q11. Do you have any comments or concerns regarding our proposal to add the eight additional Calculation Periods? If you do, please provide specific details.

ADOPTING A TRADING DETERMINATION PROCESS FOR INTRODUCING A PLATFORM TRADING OBLIGATION

71. The framework under the amended Securities and Futures Ordinance introduces reporting, clearing, platform trading and related record-keeping obligations for OTC derivatives transactions. Whilst we have implemented reporting and clearing obligations over the past few years, we have also been studying whether it would be appropriate to implement the platform trading obligation and, if appropriate, how best to do so¹¹. The data available from Phase 2 Reporting has further facilitated this

¹¹ The G20 Leaders have agreed that all standardised derivatives contracts should be traded on exchanges or electronic trading platforms, where appropriate.

process. Once we have completed our analysis and formulated appropriate proposals, we will consult the market on the feasibility, scope and timing for implementing a platform trading obligation in Hong Kong.

72. That said, as a first step towards the possible introduction of a platform trading obligation, we propose to formally adopt a trading determination process for considering which products are appropriate to be subject to a platform trading obligation in Hong Kong. Specifically, we propose that the process should take into account the following factors –
- (a) whether the product is sufficiently standardised for platform trading;
 - (b) the nature, depth and liquidity of the market for the product;
 - (c) the availability of trading venues that may be designated for trading that product;
 - (d) whether the product is already subject to the central clearing obligation in Hong Kong;
 - (e) whether regulators in other jurisdictions consider such a product to be suitable for platform trading; and
 - (f) the impact on the market and market participants of imposing a platform trading obligation for the product.
73. The factors set out above are broadly similar with criteria used by other jurisdictions.
74. Further, in formulating our proposed trading determination criteria, we have also taken into account factors considered in the *Report on Trading of OTC Derivatives* published by the Technical Committee of IOSCO in 2011. The report highlights that the standardisation and liquidity of derivatives products are important elements that affect whether a product should be traded on a platform and the type of platform that may provide a practicable venue for trading. These two factors have been included in our proposed trading determination criteria above.

<p>Q12. Do you have any comments or concerns regarding our proposed trading determination process and criteria? If you do, please provide specific details.</p>
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CONCLUDING REMARKS

75. The HKMA and SFC continue to work on further enhancements to the OTC derivatives regulatory regime in Hong Kong. The proposals in this paper have been developed in response to similar reform efforts in other major markets after taking into account local features and characteristics. We believe our proposals strike the right balance between ensuring a robust regime and addressing market concerns, but as always, we welcome market views on where the proposals may be problematic or result in unintended consequences.

76. Subject to the completion of this consultation and support from the market, we aim to adopt our trading determination process by June 2018, and the first phase of mandating the use of LEIs to identify entities in trade reporting by the end of 2018.
77. In regard to Phase 2 Clearing, we aim to publish the revised FSP list in the Government Gazette in the second half of 2018. If the clearing obligation is expanded to include AUD IRS and the addition of further Calculation Periods, we aim to start working with the Government on the necessary legislative amendments as soon as possible so that they can be tabled before the Legislative Council in the next legislative session that commences in September 2018. As mentioned, the implementation of Phase 2 clearing to include AUD IRS will take into account the readiness of market participants.
78. We will also consult on other proposals with respect to the OTC derivatives regulatory regime from time to time, and we will maintain close dialogue with market participants accordingly.

ANNEX 1 – Revised list of Financial Services Providers

The following entities are proposed to be designated as Financial Services Providers 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	<u>Abbey National Treasury Services plc</u>	Inadvertently omitted from the current FSP list and will be included in the revised FSP list. Please refer to paragraph 59.
2	<u>Agricultural Bank of China Limited</u>	Part of a GSIB group and a new member of a major IRS CCP. We propose to include it in the revised FSP list. Please refer to paragraph 56.
3	Banco Santander S.A.	
4	Bank of America, N.A.	
5	Barclays Bank PLC	
6	Barclays Capital Inc.	
7	BNP Paribas Fortis SA/NV	
8	BNP Paribas SA	
9	BNP Paribas Securities Corp.	
10	<u>CACEIS Bank SA</u>	Part of a GSIB group and a new member of a major IRS CCP. We propose to include it in the revised FSP list. Please refer to paragraph 56.
11	Citibank, N.A.	
12	Citigroup Global Markets Inc.	
13	Citigroup Global Markets Japan Inc.	
14	Citigroup Global Markets Limited	
15	Credit Agricole Corporate and Investment Bank	
16	Credit Foncier de France	Belonging to Groupe BPCE that is no longer a GSIB. That said, the entity continues to be a member of a major IRS CCP. We propose to keep it on the list. Please refer to paragraph 55.
17	<u>Credit Suisse (Schweiz) AG</u>	Part of a GSIB group and a new member of a major IRS CCP. We propose to include it in the revised FSP list. Please refer to paragraph 56.
18	Credit Suisse AG	

19	Credit Suisse International	
20	Credit Suisse Securities (Japan) Limited	
21	Credit Suisse Securities (USA) LLC	
22	Deutsche Bank AG	
23	Deutsche Bank Securities Inc.	Whilst no longer a member of a major IRS CCP, other entities within the GSIB group remain as members. We propose to keep it on the list. Please refer to paragraph 57.
24	<u>Deutsche Postbank AG</u>	Inadvertently omitted from the current FSP list and will be included in the revised FSP list. Please refer to paragraph 59.
25	<u>Goldman Sachs & Co. LLC</u>	Goldman Sachs & Co. was renamed Goldman Sachs & Co. LLC.
26	Goldman Sachs Bank USA	
27	<u>Goldman Sachs Financial Markets Pty Ltd</u>	Part of a GSIB group and a new member of a major IRS CCP. We propose to include it in the revised FSP list. Please refer to paragraph 56.
28	Goldman Sachs International	
29	Goldman Sachs Japan Co., Ltd.	
30	HSBC Bank plc	
31	HSBC Bank USA, N.A.	
32	HSBC France	
33	HSBC Securities (USA) Inc.	
34	ING Bank N.V.	
35	ING Bank Śląski S.A.	
36	ING-DiBa AG	
37	JPMorgan Chase Bank, N.A.	
38	JPMorgan Securities Japan Co., Ltd.	
39	J.P. Morgan Securities LLC	
40	J.P. Morgan Securities plc	
41	Merrill Lynch Capital Services Inc.	
42	Merrill Lynch International	

43	Merrill Lynch Japan Securities Co., Ltd.	
44	Merrill Lynch, Pierce, Fenner & Smith Incorporated	
45	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	
46	Mizuho Bank, Ltd.	
47	<u>Mizuho Capital Markets LLC</u>	Mizuho Capital Markets Corporation was renamed Mizuho Capital Markets LLC.
	<u>Mizuho Capital Markets (UK) Ltd.</u>	The entity was wound up and will be removed from the revised FSP list. Please refer to paragraph 59.
48	Mizuho International plc	
49	Morgan Stanley & Co. International plc	
50	Morgan Stanley & Co. LLC	
51	Morgan Stanley Capital Services LLC	
52	Morgan Stanley MUFG Securities Co., Ltd.	
53	MUFG Securities EMEA plc	
54	NATIXIS	An entity within Groupe BPCE that is no longer a GSIB. That said, it continues to be a member of a major IRS CCP. We propose to keep the entity on the list. Please refer to paragraph 55.
55	<u>Nomura Financial Products & Services, Inc.</u>	Part of a GSIB group and a new member of a major IRS CCP. We propose to include it in the revised FSP list. Please refer to paragraph 56.
56	Nomura Global Financial Products, Inc.	
57	Nomura International plc	
58	Nomura Securities Co., Ltd.	
59	Nomura Securities International, Inc.	
60	Nordea Bank AB	

	<u>Nordea Bank Danmark A/S</u>	The entity is now dissolved, and will be removed from the revised FSP list. Please refer to paragraph 59.
	<u>Nordea Bank Finland Plc</u>	The entity is now dissolved, and will be removed from the revised FSP list. Please refer to paragraph 59.
	<u>Nordea Bank Norge ASA</u>	The entity is now dissolved, and will be removed from the revised FSP list. Please refer to paragraph 59.
61	<u>RBC Capital Markets, LLC</u>	Part of a new GSIB group and a member of a major IRS CCP. We propose to include it in the revised FSP list. Please refer to paragraph 55.
62	<u>RBC Europe Limited</u>	Part of a new GSIB group and a member of a major IRS CCP. We propose to include it in the revised FSP list. Please refer to paragraph 55.
63	<u>Royal Bank of Canada</u>	Part of a new GSIB group and a member of a major IRS CCP. We propose to include it in the revised FSP list. Please refer to paragraph 55.
64	<u>Santander Investment Securities Inc.</u>	Part of a GSIB group and a new member of a major IRS CCP. We propose to include it in the revised FSP list. Please refer to paragraph 56.
65	SG Americas Securities LLC	
66	SMBC Capital Markets Inc.	
67	SMBC Nikko Securities Inc.	
68	Societe Generale	
69	<u>Societe Generale International Limited</u>	Societe Generale Newedge UK Limited was renamed Societe Generale International Limited.
70	Standard Chartered Bank	
71	Sumitomo Mitsui Banking Corporation	
72	Sumitomo Mitsui Trust Bank, Limited	
73	The Bank of New York Mellon	
74	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	
75	The Royal Bank of Scotland plc	
76	UBS AG	

77	UBS Limited	
78	UBS Securities LLC	
79	UniCredit Bank AG	
80	UniCredit Bank Austria AG	
81	UniCredit S.p.A.	
82	Wells Fargo Bank, N.A.	
83	Wells Fargo Securities, LLC	