

**Frequently Asked Questions on**  
**the Securities and Futures (OTC Derivative Transactions –**  
**Reporting and Record Keeping Obligations) Rules**  
**To take effect from 29 September 2025 (version 1.0)**

*These FAQs elaborate on how the Securities and Futures (OTC Derivative Transactions – Reporting and Record Keeping Obligations) Rules will operate and are intended to help market participants better understand the requirements of the Reporting Rules so as to ensure compliance going forward.*

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## **Definitions and Interpretation**

*Unless the context otherwise requires, terms defined in Schedule 1 to the SFO or in the Reporting Rules bear the same meaning when used in the questions and answers below, and the following terms bear the following meanings:*

- *“**AI**” refers to an authorized institution as defined in section 2(1) of the Banking Ordinance (Cap. 155, Laws of Hong Kong);*
- *“**AIDG**” refers to the Administration and Interface Development Guide issued by the HKMA through the operator of HKTR;*
- *“**AMB**” refers to approved money broker as defined in section 2(1) of the Banking Ordinance (Cap. 155, Laws of Hong Kong);*
- *“**ATS-CCP**” refers to an automated trading service provider authorized under section 95(2) of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) to provide automated trading services and is acting in its capacity as a central counterparty;*
- *“**HKMA**” refers to the Hong Kong Monetary Authority;*
- *“**HKTR**” refers to the electronic reporting system operated by or on behalf of the HKMA for submitting and receiving reports on specified OTC derivative transactions for the purposes of the Reporting Rules and section 101B of the SFO;*
- *“**HKTR Reporting Manuals**” refers to the reporting manuals and related documents issued by the HKMA (i.e. the AIDG, OTC Derivatives Trade Repository Reporting Service Reference Manual, Operating Procedure for Hong Kong Trade Repository Reporting Service – User Manual for Participants) and which, together, constitute the “directions and instructions for the use of electronic reporting system” required to be published by the HKMA under Rule 21(2) of the Reporting Rules;*
- *“**LC**” refers to a licensed corporation as defined in Schedule 1 to the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong);*
- *“**prohibitive legal or regulatory limitation**” means a person cannot submit counterparty identifying particulars for a specified OTC derivative transaction because the disclosure of the particulars is prohibited under the laws of, or by an authority or a regulatory organisation in, a jurisdiction designated by the SFC in accordance with Rule 26(3) of the Reporting Rules;*
- *“**RCH**” refers to a recognized clearing house, i.e. a central counterparty that is recognized as a clearing house under section 37 of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong);*
- *“**Reporting Rules**” means the Securities and Futures (OTC Derivative Transactions (Reporting and Record Keeping Obligations) Rules;*

- *“SFC” refers to the Securities and Futures Commission;*
- *“SFO” refers to the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong);*
- *“SRI” refers to the Supplementary Reporting Instructions annexed to the AIDG;*
- *“TR” means trade repository;*
- *“UTI” refers to the Unique Transaction Identifier as set out in the UTI Technical Guidance; and*
- *“UTI Technical Guidance” refers to the Technical Guidance on the Harmonisation of the Unique Transaction Identifier published by the Committee on Payments and Market Infrastructures and International Organization of Securities Commissions in February 2017, as may be amended from time to time.*

### **Legislation and regulatory guidance**

#### **Q1. Where are the reporting and related record keeping requirements set out? (Updated on 29 September 2025)**

The broad framework for mandatory reporting and related record keeping is contained in Part IIIA of the SFO, and the detailed requirements for reporting and related record keeping are set out in the Reporting Rules. The data fields for each OTC derivative transaction are published by Government Gazette. These documents are accessible at the Hong Kong eLegislation website and Government Gazette website:

<https://www.elegislation.gov.hk/>

<https://www.gld.gov.hk/egazette/english/index.html>

Technical guidance for reporting is set out in the HKTR Reporting Manuals which are accessible at <https://hktr.hkma.gov.hk/>.

The SRI, annexed to the AIDG, provides an overview of the technical reporting requirements and would be a good start to understanding the more technical aspects of reporting.

The SFC has also maintained a one-stop-shop webpage for all the useful information under the OTC derivatives regulatory regime (<https://www.sfc.hk/en/Rules-and-standards/OTC-derivatives-regulatory-regime>).

### **Commencement Date of the Reporting Rules**

#### **Q2. When did the reporting and related record keeping requirements start to operate? What is required to be reported? (Updated on 29 September 2025)**

The reporting and related record keeping requirements first came into effect on 10 July 2015, only covering transactions in certain interest rate swaps and non-deliverable forwards. The reporting and related record keeping requirements were subsequently expanded on 1 July 2017 to cover all specified OTC derivatives transactions. Covered transactions have to be reported within 2 business days (i.e. on a T+2 basis).

Reporting entities are required to report the gazetted data fields of a specified OTC derivative transaction, if applicable, in accordance with the description thereof and the instructions set out in the SRI. Subsequent events of these transactions, as set out in the SRI to cover any event which occurs after the transaction was entered into that affects the terms or conditions on which the transaction was entered into or the persons involved, are also required to be reported (please also see Q18). Valuation information of the transactions should be reported for every business day (please also see Q63). Margin and collateral information should be reported when it is calculated or updated in accordance with the relevant margin requirements (please also see Q64).

From 29 September 2025 onwards, reporting entities should submit reporting of new transactions and their subsequent events in ISO 20022 XML message format.

**Q3. *(Repealed on 29 September 2025)***

**Entities subject to reporting and related record keeping obligations**

**Q4. Who would be subject to the mandatory reporting and related record keeping obligations? *(Updated on 29 September 2025)***

The mandatory reporting and the related record-keeping obligations apply to an entity that is:

- (a) an AI;
- (b) an AMB;
- (c) an LC;
- (d) an RCH – i.e. a CCP that is recognized as a clearing house under section 37 of the SFO; or
- (e) an ATS-CCP (effective from 1 September 2016) – i.e. an automated trading service provider authorized under section 95(2) of the SFO to provide automated trading services and is acting in its capacity as a central counterparty.

**Q5. Are there any exemptions or reliefs from the reporting obligation? (Updated on 29 September 2025)**

Yes, an exempt person relief is extended to AIs, AMBs and LCs that have maintained only small positions in OTC derivative transactions. Any AI, AMB or LC which meets the criteria below will be exempted from reporting OTC derivative transactions:

- (a) the sum of the notional amounts of all of the AI/AMB/LC's outstanding OTC derivative transactions (it is no longer on a product class basis) must not at any time exceed US\$30 million;
- (b) the AI, AMB or LC must not have any transactions "conducted in Hong Kong" (see Q20) at any time; and
- (c) the AI, AMB or LC must not have reported, or were required to report but had not done so, any OTC derivative transaction to the HKMA before.

Points to note:

- (i) In the case of an overseas incorporated AI, criteria (a) and (b) above only apply in respect of the Hong Kong branch, i.e. for the threshold in criterion (a) only the notional amount of transactions booked in the AI's Hong Kong branch will be counted, and for criterion (b) only transactions "conducted in Hong Kong" by the Hong Kong branch will be counted.
- (ii) The exempt person relief cannot be revived once lost. This means that once an AI, AMB or LC fails to meet any of the above criteria, it will permanently cease to be entitled to the relief.

In addition to the exempt person relief, a corporation that is a collective investment scheme is not regarded as an affiliate for the purpose of construing whether a prescribed person has conducted a specified OTC derivative transaction in Hong Kong on behalf of an affiliate (please also see Q8, Q20-28).

Please also refer to Q33 for circumstances where you can rely on reporting by your affiliate to discharge your reporting obligation.

**Q6. My institution plans to become an AI/AMB/LC soon. Does my institution need to comply with the mandatory reporting and related record keeping requirements immediately after it becomes an AI/AMB/LC? (Updated on 29 September 2025)**

For a person that becomes an AI/AMB/LC, the person must report any new transactions, any subsequent events, margin and collateral information and valuation information subject to mandatory reporting on a T+2 basis. But there is a 3-month grace period for backloading outstanding transactions as at the date the person becomes an AI/AMB/LC.

**Q7. I expect that although my institution is eligible for the exempt person relief under the Reporting Rules, it will likely lose this relief some time later due to planned changes in business strategies. Is there any transitional arrangement for my institution to report transactions after my institution loses the exempt person relief? (Updated on 29 September 2025)**

Any institution expects itself to be subject to the reporting requirements should get necessary preparation to report transactions on a T+2 basis. There is however still a 3-month grace period for backloading any outstanding transactions from the date the person ceases to be regarded as an exempt person.

### **Circumstances when reporting is required**

**Q8. Under what circumstances should an OTC derivative transaction be reported? (Updated on 29 September 2025)**

Counterparty limb - An AI, AMB, LC, RCH or ATS-CCP is required to report an OTC derivative transaction (see Q9) if it is a counterparty to the transaction. Additionally:

- (a) for an overseas incorporated AI, the transaction must be booked in its Hong Kong branch; and
- (b) for an ATS-CCP, the counterparty to the transaction must be a company formed and registered under the Companies Ordinance (Cap. 622, Laws of Hong Kong) or a former Companies Ordinance.

“Conducted in Hong Kong” limb - For an AI, AMB and LC, it is also required to report an OTC derivative transaction that it has “conducted in Hong Kong” (see Q20):

- (a) on behalf of an affiliate (in the case of any AI, AMB or LC); or
- (b) on behalf of its head office or its branch/office outside Hong Kong (in the case of the Hong Kong branch of an overseas incorporated AI).

Additionally, in the case of an RCH or ATS-CCP, the reporting obligation will only apply when the RCH or ATS-CCP is acting in its capacity as a CCP. Transactions entered into as part of its default management procedures are still transactions entered into in its capacity as a CCP. They will therefore be reportable under the reporting regime.

**Q9. What types of transactions are subject to the reporting obligation? (Updated on 29 September 2025)**

All specified OTC derivative transactions, as defined in the SFO, are required to be reported.

By definition (as set out in Schedule 1 to the SFO), OTC derivative transactions do not include, among others:

- (a) transactions in securities or futures contracts that are traded on a recognized stock market or recognized futures market (i.e. a market operated by an entity that is a recognized exchange company under the SFO);
- (b) transactions in securities or futures contracts that are traded on a stock or futures market and cleared through an overseas CCP if those markets and CCPs are prescribed under the Securities and Futures (Stock Markets, Futures Markets and Clearing Houses) Notice – the Notice is accessible at the Hong Kong eLegislation website:  
<https://www.elegislation.gov.hk/hk/cap571AM>;
- (c) transactions in a spot contract;
- (d) transactions in a structured product which is offered to the multiple persons for a short period and on essentially identical terms; and
- (e) transactions in an embedded derivative.

In addition, as set out in the Reporting Rules, excluded currency contracts (i.e. certain FX forward contracts for the purpose of settling a sale or purchase of securities which are denominated in a foreign currency, settled within a customary settlement period and in any event settled in not longer than 7 days) is also not a specified OTC derivative transaction.

Please also refer to Q10 in respect of warrants and Delta One Warrant.

**Q10. Is Delta One Warrant subject to the reporting obligation? (*Updated on 29 September 2025*)**

Warrants are generally OTC derivatives and, except those specifically carved out under the definition of “OTC derivative product”, are therefore subject to the reporting obligation. However, the HKMA and SFC concluded in June 2017 upon market request and after a public consultation that Delta One Warrants (i.e. call warrants with a strike price set at, or effectively set at, zero or very close to zero) which satisfy certain requirements should be excluded from the definition of “OTC derivative product” and therefore are not reportable under the mandatory reporting regime. The relevant subsidiary legislation – the Securities and Futures (OTC Derivative Products) Notice – took effect on 27 April 2018. The Notice is accessible at the Hong Kong eLegislation website:

<https://www.elegislation.gov.hk/hk/cap571AP>



**Q11. Are Accumulators subject to the reporting obligation? (Updated on 29 September 2025)**

Accumulators are regarded as OTC derivatives and are therefore subject to the reporting obligations.

**Q12. Are inter-branch and intra-branch transactions reportable?**

Inter-branch transactions (i.e. transactions between branches of the same legal entity) and intra-branch transactions (e.g. transactions between desks within the same branch) are not reportable. Such transactions are not between two persons and hence we do not regard them as being transactions between counterparties.

**Q13. Are transactions reportable if they are: (i) entered into with retail customers; (ii) undertaken for hedging purposes; or (iii) intragroup transactions (i.e. transactions between the reporting institution and an institution that belongs to the same group of companies as the reporting institution)?**

The answer to each of the above questions is “yes”, subject to the transactions meeting the reporting criteria. There is no general exemption provided for the reporting of these transactions.

**Q14. My institution is an overseas incorporated bank. We have entered into an OTC derivative transaction with a client and then entered into another transaction with our New York branch to transfer the market risk of the transaction. How should we report these transactions?**

Assuming that the transaction with the client is booked in the Hong Kong branch, the transaction should be reported pursuant to the counterparty limb (see Q8). As for the hedging transaction with the New York branch, this is not required to be reported because it is an inter-branch transaction (see Q12).

Please note that this case is different from the Hong Kong branch entering into a transaction on behalf of the New York branch (i.e. when the transaction with the client is booked with the New York branch directly without any inter-branch transaction to transfer the risk), which will be reportable under the “conducted in Hong Kong” limb (see Q8 and Q20).

**Q15. Does the reporting obligation have to apply to both counterparties at the same time in order for the transaction to be reportable?**

No. An AI, AMB, LC, RCH or ATS-CCP should report a transaction to which it has an obligation to report. Whether or not its counterparty has an obligation to report the transaction does not matter.

**Q16. (Repealed on 29 September 2025)**

**Q17. (Repealed on 29 September 2025)**

**Q18. Are there any other reporting obligations after a transaction is first reported?**  
*(Updated on 29 September 2025)*

Yes. After a transaction is reported to the HKMA via the HKTR, valuation information for every business day (including reporting the “delta” value for transactions with option feature) and regular updates on margin and collateral information are required to be reported (please also see Q63 and Q64). You also need to submit a report (again via the HKTR) when a subsequent event (see Q41) in respect of that transaction takes place or when you identify a reporting error. (Please also see Q2) (See the SRI annexed to the AIDG for detailed guidance on correcting erroneous reports.)

**Q19. Clarification of certain transactions**

- (A) Are derivative contracts which have been traded “off market” before they are registered on a prescribed market (and cleared at a prescribed CCP) regarded as transactions in an OTC derivative product? Or are they excluded by virtue of paragraph (2)(c) of section 1B of Part 1 in Schedule 1 to SFO and hence not reportable?**

As long as the transactions are subsequently registered on a prescribed market in accordance with the rules of the market, they will be regarded as transactions traded on the prescribed market. If the transactions are also cleared through a prescribed CCP, they will not be regarded as OTC derivative transactions and therefore will not have to be reported.

- (B) Are “back-to-back” transactions entered into with clearing brokers for the purposes of clearing futures or options contracts required to be reported?**

No. We consider that the “back-to-back” transaction for the purposes of clearing should be treated as part of the exchange-traded futures or options contract. Accordingly, as long as the futures or options contract is executed on a prescribed market and cleared through a prescribed clearing house, the back-to-back transaction should also fall outside the definition of “OTC derivative transaction” and hence not be subject to mandatory reporting.

**“Conducted in Hong Kong” (Please read Q8 to Q9 first)**

**Q20. What is a “conducted in Hong Kong” transaction?**

For an AI, AMB or LC, a transaction is regarded as “conducted in Hong Kong” if:

- (a) one of the individuals who made the decision to enter into the transaction was a trader who was employed or engaged by the AI, AMB or LC to perform his or her duties predominantly in Hong Kong (i.e. a Hong Kong trader); and

- (b) the transaction was:
- (i) conducted on behalf of an affiliate of the AI, AMB or LC, and was booked in that affiliate; or
  - (ii) conducted by the Hong Kong branch of an overseas incorporated AI on behalf of its head office or on behalf of any of its overseas branches, and was booked in such head office or overseas branch.

Please note that the term “affiliate” refers to a corporation that is within the same group of companies as the AI, AMB or LC but does not include a corporation that is a collective investment scheme as defined in the SFO.

#### **Q21. Sales activities**

**We have OTC derivative transactions that originated in Hong Kong but were booked in an affiliate in London. It is the staff in Hong Kong that contacts the clients, giving them price quotations and accepting their orders. Are these “conducted in Hong Kong” transactions that are required to be reported?**

A key characteristic of a “conducted in Hong Kong” transaction is that a Hong Kong trader is involved in making the decision of entering into the transaction. A person who only undertakes pure sales activities (i.e. whose role is only that of a salesman negotiating between a client and a trader) will not be regarded as a trader, even if the person is able to adjust the price offered to the client to achieve a desired sales credit.

If the Hong Kong staff only negotiate the transactions between clients and traders, and the traders responsible for the decision to enter into the transactions are not Hong Kong traders, the transactions will not be regarded as “conducted in Hong Kong” transactions.

If the traders that the Hong Kong staff negotiate with are Hong Kong traders, or if the Hong Kong staff that are client facing are also the traders, or act or perform the functions of traders even though they are employed as sales persons, the transactions will be regarded as “conducted in Hong Kong” and will have to be reported.

#### **Q22. Regional trading office**

**My institution is an overseas incorporated bank. Our Hong Kong branch serves as the regional trading office for OTC derivative transactions in that the Hong Kong traders are responsible for deciding whether to enter into transactions originating from branches in the Asia Pacific region, but the transactions are still booked in the respective originating branches. Are these transactions required to be reported?**

These transactions fit the definition of “conducted in Hong Kong” and so should be reported.

Conversely, transactions originating from the Hong Kong branch but attributable to traders outside Hong Kong will not be regarded as “conducted in Hong Kong” transactions. Nonetheless, such transactions may still need to be reported if they are booked in the Hong Kong branch as they will fall under the counterparty limb (see Q8).

### **Q23. Secondment**

**My institution is an AI/LC. An affiliate of my institution in the US has seconded a trader to the Hong Kong branch/office of my institution for 3 months. Transactions entered into by this trader during this time will be booked in either the Hong Kong branch/office of my institution or the US affiliate of my institution. Should these transactions be reported? (Updated on 29 September 2025)**

Transactions booked in the Hong Kong branch/office of your institution fit the counterparty limb (see Q8) and should therefore be reported.

Transactions booked in the US affiliate of your institution fit the “conducted in Hong Kong” limb and should therefore also be reported. The analysis is as follows. A “conducted in Hong Kong” transaction should involve a trader that is engaged by the AI, AMB or LC to perform his or her duties predominantly in Hong Kong. This would include a secondment arrangement to Hong Kong because under such an arrangement, the trader would be performing his duties predominantly in Hong Kong during the secondment period.

Conversely, for traders who are normally based in Hong Kong but who are temporarily seconded to work in an overseas branch or affiliate of an AI/AMB/LC, transactions that they have conducted during their overseas secondment will not be regarded as “conducted in Hong Kong” transactions.

When assessing whether a trader should be regarded as having been seconded to (or out of) Hong Kong, a reporting institution should act reasonably and sensibly, taking into account all relevant facts and circumstances (e.g. the specific secondment arrangements, the formal contractual agreement, the account assigned to the trader in the seconded site, etc). In case of doubt, reporting entities should err on the side of caution and report the relevant transactions. Additionally, reporting entities are reminded to keep sufficient records so that, if necessary, they are able to clarify the basis for the particular approach they have taken.

### **Q24. Transactions entered into during business trips**

**(A) I am a Hong Kong trader. I may enter into OTC derivative transactions outside Hong Kong during business trips. Are these transactions required to be reported? (Updated on 29 September 2025)**

Yes, they are. If your transactions are booked in your institution (or the Hong Kong branch of your institution if your institution is an overseas incorporated AI), they will be caught by the counterparty limb (see Q8). If your transactions are booked in an affiliate of your institution, or (if your institution is an overseas incorporated AI) if your transactions are booked in the head office or an overseas branch, they are caught by the “conducted in Hong Kong” limb as you are a Hong Kong trader who works predominantly in Hong Kong.

We expect reporting entities and traders to take a sensible and reasonable approach when assessing if an arrangement should be regarded as a business trip or as a secondment. (Generally, we expect business trips would be brief or temporary in nature so as to have no impact on where the trader predominantly works.) In case of doubt, reporting entities should err on the side of caution and report the relevant transactions. Additionally, reporting entities are reminded to keep sufficient records so that, if necessary, they are able to clarify the basis for the particular approach they have taken.

- (B) I am a trader in the Singapore branch of an overseas incorporated bank. Sometimes I enter into OTC derivative transactions during business trips to Hong Kong. These transactions are booked in the Singapore branch. Are these transactions required to be reported? (Updated on 29 September 2025)**

It is unlikely that such transactions will be reportable. Firstly, these transactions are not booked in the Hong Kong branch, so they are not caught by the counterparty limb (see Q8). Secondly, since you are not a trader predominantly performing your duties in Hong Kong, your transactions are therefore not caught by the “conducted in Hong Kong” limb. However, again, reporting entities and traders should adopt a reasonable and sensible approach when assessing if their visits to Hong Kong constitute business trips or a secondment, and in case of doubt, reporting entities should err on the side of caution and report the relevant transactions.

#### **Q25. Transactions involving multiple traders**

**In my institution, the decision to enter into OTC derivative transactions involves 2 traders – a junior trader in Hong Kong and a senior trader outside Hong Kong. Are we correct in thinking that such transactions will not be regarded as transactions that are “conducted in Hong Kong” (i.e. because the senior trader is not a Hong Kong trader)?**

No, as long as one of the persons responsible for the decision to enter into the transaction is a Hong Kong trader, the transaction will still be regarded as a “conducted in Hong Kong” transaction.

#### **Q26. Transactions in global book**

**How will the “conducted in Hong Kong” concept apply to transactions that are entered in a global book of my institution?**

For a transaction booked in a global book, if the trader identified as responsible for the decision to enter into the transaction is a Hong Kong trader, the transaction will be regarded as a “conducted in Hong Kong” transaction and hence has to be reported. Once a transaction is reported to the HKMA, any subsequent events relating to the transaction will have to be reported as well, even if these subsequent events are handled by other traders outside Hong Kong. Conversely, if a Hong Kong trader is not responsible for the decision to enter into the transaction, even if he or she may be involved in handling subsequent events relating to the transaction, neither the transaction nor the subsequent event will be reportable.

For a reporting entity that is unable to identify which transactions in its global book were decided by which traders, the reporting entity is expected to report, at a minimum, all transactions entered into during the period when the global book was managed by a Hong Kong trader. All subsequent events relating to such transactions are also expected to be reported to the HKMA.

**Q27. Transactions executed on electronic trading platform**

**How will the “conducted in Hong Kong” concept apply to transactions executed on an electronic trading platform?**

Transactions executed on an electronic trading platform should be reported if the person who sets the parameters of the key economic terms (in particular, pricing parameters) that will apply to transactions that are executed on the platform is a Hong Kong trader. In such case, the Hong Kong trader will be regarded as being responsible for the decision to enter into these transactions. On the other hand, if the parameters of the key economic terms were previously set (or modified) by a trader outside Hong Kong, but the latest modification was by a Hong Kong trader and in a manner that altered the pricing parameters of a transaction before it was executed, the Hong Kong trader will be regarded as responsible for the final decision to enter into the transaction, and the transaction will have to be reported to the HKMA via the HKTR. In fact, the Hong Kong trader will thereafter continue to be regarded as setting the parameters of the key economic terms for transactions executed on the platform, until the parameters are next modified by another trader.

**Q28. Transactions entered into for a third party other than an affiliate**

**Should I report a transaction that I have entered into on behalf of a client which is not an affiliate of my institution?**

We assume that the counterparties to the transaction are the client and a third party institution. (In other words, we assume this is not a case where the counterparties are your institution and a third party institution with a back-to-back transaction between

your institution and the client.) We assume also that neither the client nor the third party institution is affiliate of your institution.

Subject to the above assumptions, this transaction will not be reportable as it will not fall within either of the reporting limbs described in Q8.

### **How to report**

#### **Q29. How should my institution prepare for reporting via the HKTR? *(Updated on 29 September 2025)***

An entity that has a reporting obligation must become a HKTR member, even if it plans to report through an agent (see Q31). Information on application for HKTR membership is available on the HKTR website: <https://hktr.hkma.gov.hk/>. Entities intending to report through an agent need to follow the agent nomination procedure set out in the HKTR Reporting Manuals. Completion of simulation test to the satisfaction of the HKTR operator is a must before an entity will be accepted for reporting. Simulation test applies to both (i) direct submission entities (i.e. those who report transaction by themselves and are not using reporting agent) and (ii) reporting agents. For reporting entities using reporting agents, they are also required to take the simulation test. An entity must therefore reserve sufficient time for the HKTR operator to process its membership application and to complete the simulation test in its planning for complying with the reporting obligation. The membership process usually takes about two weeks from the time all relevant documentation is received. The test normally takes about a week (depending on a prospective member's systems). Entities should therefore ensure they have allowed for sufficient lead time.

#### **Q30. Is there any technical guidance on how to report a transaction?**

See Q1.

#### **Q31. Can I appoint an agent to report to the HKMA? *(Updated on 29 September 2025)***

Yes. An entity can appoint an agent to report an OTC derivative transaction (and subsequent events, margin and collateral information and valuation information relating to an OTC derivative transaction) to the HKMA to fulfil its reporting obligation. Despite any agency arrangement, the reporting obligation will still rest with the reporting entity itself. Therefore, the reporting entity must monitor the reporting by its reporting agent, e.g. through access to the HKTR, to ensure that its reporting obligation has been fulfilled. Any report submitted by a reporting agent must follow the HKTR requirements on agency reporting (e.g. it must indicate that the report is submitted for the reporting entity and identify who that reporting entity is).

**Q32. If I have already reported a transaction to an overseas trade repository (“TR”), will I be considered to have fulfilled my reporting obligation in respect of that transaction?**

No. A reporting obligation is considered fulfilled only when the report reaches the HKMA via the HKTR (unless any exemption or relief applies). A reporting entity may appoint an agent, including an overseas TR, to submit reports via the HKTR on its behalf. The HKTR reporting templates have been designed to align as far as possible with those of overseas TRs as we anticipate some market participants may appoint overseas TRs as their reporting agent (see Q31).

**Q33. If my institution has “conducted in Hong Kong” a transaction on behalf of its affiliate and the affiliate has already reported the transaction to the HKMA via the HKTR, do I need to report the transaction again? *(Updated on 29 September 2025)***

If the affiliate of your institution has already reported this transaction to the HKMA via the HKTR, your obligation to report is taken to have been complied with if you have received in good faith a written confirmation from the affiliate that: (i) it has reported the transaction to the HKMA via the HKTR; and (ii) that the transaction has been reported in accordance with the requirements of the Reporting Rules. Therefore, if you intend to rely on reporting by an affiliate to discharge your reporting obligation, it will be necessary to establish a mechanism to ensure that confirmations for all relevant transactions have been received from the affiliate and adequate records of such confirmations have been maintained. Reporting entities should also ensure that appropriate arrangements are made for the reporting of any subsequent events, margin and collateral information and valuation information relating to transactions reported by an affiliate to ensure compliance with the reporting requirements.

**Q34. Is over-reporting or voluntary reporting allowed? *(Updated on 29 September 2025)***

There is no prohibition on over-reporting, i.e. reporting transactions that are not required to be reported under the Reporting Rules. (For example, an entity may re-report all outstanding transactions in the ISO template even if some of them are due to mature or be terminated within one year after the ISO 20022 implementation date and hence not subject to re-reporting). However, to maintain the integrity of data in the HKTR, once an AI, AMB, LC, RCH or ATS-CCP has reported a transaction voluntarily, any subsequent events, margin and collateral information and valuation information relating to that transaction are required to be reported, and this must be done in the time and manner prescribed in the Reporting Rules and in this set of FAQs (see Q36, Q37, Q61 and **Error! Reference source not found.**62) .

**Q35. *(Repealed on 29 September 2025)***



## **Time allowed to report**

### **Q36. What is the time allowed to report a transaction or an event? (*Updated on 29 September 2025*)**

In general, a transaction (or subsequent event) should be reported within two business days of the trade execution (or occurrence of the subsequent event), i.e. on a T+2 basis, in order to fulfil the reporting obligation.

Valuation information for every business day is required also on a T+2 basis. Margin and collateral information should be reported when it is calculated or updated in accordance with the relevant margin requirements (please also see Q63 and Q64).

(See Q6 and Q7 for when the reporting obligation may apply to a person for the first time.)

## **What to report**

### **Q37. What transaction information should be reported? (*Updated on 29 September 2025*)**

Please refer to the HKTR Reporting Manuals which are available at <https://hktr.hkma.gov.hk/>.

The information required to be reported are published in the Government Gazette (See Q1 for the relevant websites). For the avoidance of doubt, margin and collateral information and valuation information related to reportable transactions should also be reported.

### **Q38. (*Repealed on 29 September 2025*)**

### **Q39. (*Repealed on 29 September 2025*)**

### **Q40. (*Repealed on 29 September 2025*)**

### **Q41. What is a “subsequent event”?**

The term “subsequent event” is defined in the Reporting Rules to cover any event which occurs after the transaction was entered into, and which affects: (i) the terms and conditions on which the transaction was entered into; or (ii) the persons involved in entering into the transaction. In brief, it includes any event that affects key economic terms (e.g. any change in the notional amount, rate, counterparty etc.) of the transactions reported via the HKTR but does not include an event that occurs naturally and in accordance with the agreed terms and conditions (e.g. periodical fixings and natural maturity of the transaction, or changes in accordance with a predetermined schedule). Although changes in accordance with a predetermined schedule are not considered subsequent events, they are however required to be

reported to facilitate regulatory monitoring. Further technical guidance on “subsequent events”, and how they are to be reported, is given in the SRI annexed to the AIDG.

**Q42. (Repealed on 29 September 2025)**

**Q43. (Repealed on 29 September 2025)**

### **Masking of counterparty identity**

**Q44. How can my institution report transactions that are subject to a prohibitive legal or regulatory limitation? (See also Q47.)**

If the submission of counterparty identifying particulars is prohibited in a jurisdiction that has been designated by the SFC, your institution may report the transactions via the HKTR with the counterparty identifying particulars masked. For more detailed technical guidance, please refer to the SRI. The list of designated jurisdictions for this purpose is as at [Annex 3](#).

**Q45. Is there any specific action that an institution is required to take in order to verify that Rule 26(1)(a)(i) is satisfied (i.e. to verify the existence of a prohibitive legal or regulatory limitation)?**

The list of jurisdictions is not intended to enable institutions to automatically mask particulars when transacting with counterparties from any of those jurisdictions. Rather, institutions should carry out some reasonable due diligence to ensure that barriers to disclosure still exist in the relevant jurisdiction, and that those barriers still prevent disclosure of counterparty particulars in respect of the particular transaction in question. This does not entail obtaining a formal legal opinion to support masking in a particular case, but would, at a minimum, require them to keep abreast of developments that might trigger changes which effectively allow the reporting of counterparty identifying particulars in a particular case. (So, for example, if barriers in jurisdiction X cease to apply in respect of certain types of transactions, or transactions entered into after a particular date, institutions that enter into such types of transactions, or transactions after such date, should no longer be submitting masked particulars.)

**Q46. Can I rely on the masking provision with respect to the counterparty consent limitation (i.e. the limitation that prevents a person from submitting counterparty identifying particulars because the counterparty’s consent is required and, despite reasonable efforts, the person cannot get such consent) for new transactions?**

Masking of counterparty identity information for reportable transactions on the ground of counterparty consent limitation is only applicable for transactions entered

into before 10 January 2016. Transactions entered into on or after this date will not be entitled to such masking relief.

**Q47. The SFC has revoked the designation of a jurisdiction which was previously identified as having a prohibitive legal or regulatory limitation. What should we do if we have previously reported transactions on a masked basis in view of this designation?**

The revocation of a designation status will invariably be triggered by a change in the relevant prohibitive legal or regulatory limitation. The consequences of a revocation will therefore differ depending on the nature and impact of the particular change as summarised below:

- (a) If a change in the prohibitive legal or regulatory limitation does not apply to a transaction that was previously reported to the HKMA on a masked basis, then the transactions may remain masked. (For example, if the prohibitive legal or regulatory limitation is uplifted but only in respect of future transactions, and not in respect of existing transactions, then the change would not trigger further obligations under the Reporting Rules, and the counterparty particulars may remain masked.)
- (b) On the other hand, if a change in the prohibitive legal or regulatory limitation does apply to a transaction that was previously reported to the HKMA on a masked basis, as the reporting entity, you must submit counterparty identifying particulars within 3 months after the day on which the SFC revokes the designation of the jurisdiction in question, unless the customer consent limitation (see Q46) applies and the customer consent cannot be obtained by the end of the 3-month period, despite reasonable efforts. In that case, the counterparty identifying particulars must be supplemented within 1 month after the day on which the counterparty consent limitation ceases to apply (i.e. within 1 month after the counterparty has provided the relevant consent).

**Q48. Is it necessary to supplement counterparty identifying particulars in respect of outstanding transactions that were previously reported on a masked basis but which will mature or be terminated before the deadline for supplementing the information?**

No, there is no need to supplement counterparty identifying particulars in such cases. (This is notwithstanding whether the masking relief previously relied on stemmed from a legal or regulatory limitation or from a counterparty consent limitation.) However, this does not preclude a reporting entity from doing so voluntarily.

**Q49. (Repealed on 29 September 2025)**

**Record keeping**

**Q50. What records do I need to keep in relation to the reporting obligation?**

The list of records to be kept is set out in Schedule 2 to the Reporting Rules.

**Q51. For how long the records should be kept?**

Records of a reportable transaction must be kept while the transaction is outstanding and for a further 5 years after the transaction matures or is terminated.

**Specification of AI's subsidiaries**

**Q52. What criteria will the HKMA adopt when specifying subsidiaries of an AI whose OTC derivative transactions must be reported to the HKMA?**

The HKMA has conducted several rounds of surveys on OTC derivatives activities of subsidiaries of the locally incorporated AIs since the implementation of the Reporting Rules. The survey results indicated that the scales of OTC derivatives activities of subsidiaries relative to their respective AI groups were either insignificant, or that such activities have been subject to comparable reporting obligation to TRs/TR-like entities in those jurisdictions where the subsidiaries are incorporated. The HKMA, therefore, does not consider it currently necessary to specify subsidiaries of any AIs for the purpose of the mandatory reporting obligation. However, the HKMA will continue to monitor AIs' OTC derivatives activities and may implement such requirement in the future, if necessary.

**Consequences of breaches**

**Q53. What are the consequences if my institution breaches the reporting or related record keeping obligations?**

Compliance with the reporting and related record keeping obligations is a legal requirement. In the event of a breach, the HKMA (in the case of a breach by an AI or AMB) or the SFC (in the case of a breach by any other person) may apply to the Court of First Instance, which may then inquire into the case. If satisfied that there is no reasonable excuse for the breach, the Court may impose a financial penalty of up to HKD 5 million. Additionally, the HKMA (in the case of a breach by an AI or AMB) and the SFC (in the case of a breach by an LC) may take disciplinary action against the reporting entity in respect of the breach.

**Reporting for the purpose of implementing interest rate benchmark reforms**

**Q54. We have reported an IBOR-referenced OTC derivative transaction to the HKMA via the HKTR. Is an amendment to this transaction for the purpose of**

**implementing interest rate benchmark reforms required to be reported?**  
*(Updated on 25 September 2025)*

Amending the contract of a reported transaction to include fallback provisions (such as referencing to a fallback rate or adhering to the 2020 IBOR Fallbacks Protocol) for the purpose of transitioning away from interbank offered rates (“IBORs”) is not by itself a reportable event.

When a replacement of an IBOR by a fallback rate or alternative reference rate is triggered and the economic value of the existing transaction is now based on the new replacement rate (regardless of whether the replacement takes place upon the cessation of the referenced IBOR or on an agreed date prior to its cessation), reporting entities should report the changes as an amendment event within the usual T+2 reporting timeframe (“T” here is interpreted as the date of the trigger of the replacement rate).

Alternatively, if the counterparties to the transaction opt to execute the amendment by terminating the existing transaction and entering into a new transaction with a new rate or new terms, both actions of termination and entry are subject to the reporting requirements.

When a reporting entity reports an alternative reference rate, it should select the appropriate field value from the ExternalBenchmarkCurveName1Code list from ISO 20022's Inventory of External Code Sets, which has included the new benchmark rates and the new rate definitions in the 2021 ISDA Interest Rate Derivatives Definitions (“2021 Definitions”). When there is a conflict between the counterparties of reporting a rate in the 2021 Definitions or an earlier version, reporting entities should report the rate in the 2021 Definitions. Reporting entities are, however, not required to report whether an alternative reference rate is a voluntary conversion or a result of a fallback application.

**UTI generation and interim UTI**

**Q55. Who should generate the UTI for reporting a transaction? *(Added on 29 September 2025)***

Market participants should follow the steps below to determine the entity responsible for generating the UTI. These steps are based on the waterfall of factors as set out in the UTI Technical Guidance and are largely equivalent to those adopted by other major jurisdictions:

- (a) for cleared OTC derivatives transactions other than OTC derivatives transactions between two CCPs, the UTI shall be generated at the point of clearing by the CCP for clearing members. A different UTI shall be generated

by a clearing member for its counterparty for a trade in which the CCP is not a counterparty;

- (b) for OTC derivatives transactions which are centrally executed but not centrally cleared, the UTI shall be generated by the venue of execution for its member;
- (c) for OTC derivatives transactions other than those referred to in points (a) and (b), where either counterparty is subject to the reporting requirements in a jurisdiction outside Hong Kong<sup>1</sup>, the UTI shall be generated pursuant to the rules of the jurisdiction of the counterparty that must first comply with those reporting requirements.

Where the counterparty subject to reporting must first comply with Hong Kong's reporting requirements, the following entities shall be responsible for generating the UTI:

- (i) for OTC derivatives transactions that were centrally confirmed by electronic means, the trade confirmation platform at the point of confirmation;
- (ii) for all other OTC derivatives transactions, the counterparties shall agree on the entity responsible for generating the UTI. Where the counterparties fail to agree, the counterparty whose LEI<sup>2</sup> is first based on sorting the identifiers of the counterparties with the characters of the identifier reversed shall be responsible for the generation.

Where the applicable laws of the relevant jurisdiction outside Hong Kong provide for the same reporting deadline as the one applicable to the counterparty subject to Hong Kong's reporting requirements, the counterparties shall agree on the entity responsible for generating the UTI.

Where the counterparties fail to agree, and the OTC derivatives transaction was centrally confirmed by electronic means, the UTI shall be generated by the trade confirmation platform at the point of confirmation.

If the UTI cannot be generated by the trade confirmation platform at the point of confirmation, and the details of the OTC derivatives transaction have to be reported to a single trade repository<sup>3</sup>, that trade repository shall be responsible for generating the UTI.

If the UTI cannot be generated by the trade repository to which the details of the OTC derivatives transaction have been reported, the counterparty whose

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<sup>1</sup> In determining whether a counterparty is subject to the reporting requirements in a jurisdiction outside Hong Kong in the UTI generation logic, the nexus element of a "conducted in Hong Kong" transaction as set out in Rule 4 of the Reporting Rules should be disregarded, ie, only the *counterparty's* reporting requirements should be considered.

<sup>2</sup> If Counterparty 2 does not have an LEI, Counterparty 1 should generate the UTI.

<sup>3</sup> In Hong Kong, the HKTR will not be responsible for generating the UTI.

LEI<sup>4</sup> is first based on sorting the identifiers of the counterparties with the characters reversed shall be responsible for UTI generation;

- (d) for OTC derivatives transactions other than those referred to in points (a), (b) and (c), that were centrally confirmed by electronic means, the UTI shall be generated by the trade confirmation platform at the point of confirmation;
- (e) for all OTC derivatives transactions other than those referred to in points (a) to (d), the following shall apply:
  - (i) where reporting counterparties<sup>5</sup> conclude an OTC derivatives transaction with non-reporting counterparties, the reporting counterparties shall generate the UTI;
  - (ii) for all OTC derivatives transactions other than those referred to in point (i), the counterparties shall agree on the entity responsible for generating the UTI. Where the counterparties fail to agree, the counterparty whose LEI<sup>6</sup> is first based on sorting the identifiers of the counterparties with the characters of the identifier reversed shall be responsible for UTI generation.

**Q56. My institution is the UTI generating entity. Do we have the responsibility to share the UTI with our counterparty? Can we delegate the UTI generation to another entity? (Added on 29 September 2025)**

Yes, a UTI must be generated, shared and paired (to the extent possible) with other entities in a timely manner for all relevant entities to comply with their reporting deadlines, pursuant to the reporting requirements of Hong Kong or other jurisdictions. To facilitate the timely identification of the entity generating the UTI, we encourage the entity responsible for generating the UTI (which may or may not be a reporting entity) to inform its counterparties or clients whether it will generate a UTI or delegate another party to generate a UTI. Where a reporting entity is responsible for generating the UTI, it should make reasonable efforts to provide UTI in a timely manner to any entity who requests for the UTI to comply with relevant reporting requirements. We expect reporting entities to establish internal policies and/or procedures to provide the UTI in a timely manner.

Yes, the entity responsible for generating the UTI may delegate the actual UTI generation to another entity or a third-party service provider upon a bilateral agreement.

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<sup>4</sup> If Counterparty 2 does not have an LEI, Counterparty 1 should generate the UTI.

<sup>5</sup> In determining whether a counterparty is a reporting counterparty in the UTI generation logic, the nexus element of a “conducted in Hong Kong” transaction as set out in Rule 4 of the Reporting Rules should be disregarded, ie, only the *counterparty’s* reporting obligation should be considered.

<sup>6</sup> If Counterparty 2 does not have an LEI, Counterparty 1 should generate the UTI.

**Q57. My institution is the UTI receiving entity. Do we have the responsibility to chase for the UTI? (Added on 29 September 2025)**

Yes, if a reporting entity is not the entity responsible for generating the UTI, it should make reasonable efforts to obtain the UTI in a timely manner, whether from the UTI generating entity or a counterparty to the OTC derivatives transaction, in order to comply with the reporting requirements. We expect reporting entities to establish internal policies and/or procedures to obtain the UTI in a timely manner.

**Q58. My institution is the UTI receiving entity. When we do not receive a UTI from the UTI generating entity in sufficient time to meet the reporting deadline, can we leave the “UTI” data field blank? (Added on 29 September 2025)**

No, you should not leave the “UTI” data field blank as a trade with blank “UTI” data field will be rejected by the HKTR. In the event that a reporting entity does not receive a UTI from the UTI generating entity in sufficient time to meet the reporting deadline, the reporting entity should generate its own UTI<sup>7</sup> in a format that is consistent with the UTI Technical Guidance as an interim UTI for reporting purposes and continue to make reasonable efforts to obtain the UTI from the UTI generating entity. Where the reporting entity subsequently obtains the UTI, it should report the UTI (and also report the interim UTI as “prior UTI”) no later than 2 business days after obtaining the UTI.

Please refer to the SRI for the technical action type and event type that should be applied for replacing an interim UTI with a UTI.

**Q59. Should new UTIs be generated for internal re-booking of trades? (Added on 29 September 2025)**

No, new UTIs should not be generated for internal re-booking of trades. New UTIs should only be generated in accordance with the principles as set out in the UTI Technical Guidance.

**Branch LEI**

**Q60. When a reporting entity or its counterparty is a branch, should head office LEI or branch LEI of the relevant entity be used for reporting? (Added on 29 September 2025)**

The reporting entity should report the head office LEI of the relevant entity.

**Position reporting**

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<sup>7</sup> If it is not technically feasible for a reporting entity to generate the UTI, it may report an internally generated code as an interim UTI.



**Q61. Does the Hong Kong reporting regime apply “position reporting” like that adopted in the Europe after a reporting entity reports an OTC derivatives transaction at the trade level? (Added on 29 September 2025)**

No, currently the Hong Kong reporting regime mandates reporting on the trade level. No position reporting is applied.

#### **Event approach and snapshot approach of reporting**

**Q62. If a reported transaction has multiple life cycle events happening on the same day, do we have to report every event of the transaction? (Added on 29 September 2025)**

If a reported transaction has multiple life cycle events happening on the same day, the reporting entity may report every event of the transaction (i.e. event approach), or if needed, it may report only once for that day, provided that it incorporates all of the events that occurred on that day (i.e. snapshot approach). Please refer to the SRI for the technical action type and event type that should be applied for the snapshot approach.

#### **Update of valuation information and margin and collateral information**

**Q63. How frequently should reporting entities update valuation information? (Added on 29 September 2025)**

According to Rule 25A of the Reporting Rules, valuation information should be submitted and updated for all outstanding transactions for every business day, within 2 business days after the day to which the valuation information relates (T+2). For all transactions with option feature (e.g. options and swaptions), delta value should also be included in the valuation information.

Reporting entities are not expected to report intra-day valuation, even though some of them may perform valuation more frequently. In the case where valuation of a transaction is performed multiple times on the same day, the latest value of the day should be adopted for reporting valuation information.

**Q64. How frequently should reporting entities update margin and collateral information? (Added on 29 September 2025)**

Margin and collateral information should be reported when it is calculated or updated in accordance with the relevant margin requirements<sup>8</sup>, within 2 business days after the day to which the margin and collateral information relates (T+2).

If a reporting entity wishes to update initial margin information more frequently than is required (e.g. for every business day to align with the update of variation margin information), it may do so on voluntary reporting basis.

Reporting entities are not expected to report intra-day margin and collateral information, even though some of them may recalculate margin and collateral more frequently. In the case where margin and collateral of a transaction is recalculated multiple times on the same day, the latest value of the day should be adopted for reporting margin and collateral information.

Hong Kong Monetary Authority  
Securities and Futures Commission  
20 December 2024

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<sup>8</sup> As of 20 December 2024, the relevant margin requirements require that initial margin amount for a given counterparty has to be recalculated at least every ten business days and variation margin should be calculated at least on a daily basis. If there is any update to the recalculation period of the relevant margin requirements, reporting entities should adjust the reporting frequency accordingly.

**Annex 1 – Repealed**

**Annex 2 – Repealed**

**Annex 3 – List of jurisdictions for the purposes of the masking relief**

**From 10 July 2015**

1. Algeria
2. Argentina
3. Austria
4. Bahrain
5. Belgium
6. France
7. Hungary
8. India
9. Indonesia
10. Israel
11. Luxembourg
12. Pakistan
13. People's Republic of China
14. Samoa
15. Singapore
16. South Korea
17. Switzerland
18. Taiwan