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

SFC
證監會

Launch of Enhanced Fund Data Reporting

12 July 2018

Investment Products Division

Agenda

- **Background**
- **Enhanced fund data reporting**
  - Overview
  - Enhanced requirements
    - Liquidity profile of fund's assets
    - Subscriptions and redemptions
    - Asset allocation
    - Securities financing transactions[1] and securities borrowing transactions ("Securities Transactions")
- **Implementation**
- **Illustrations on reporting timeline**
- **Sample reporting forms**

Note [1] Securities financing transactions ("SFT") refers to securities lending, repos and reverse repos transactions

Background

- **Circular dated 29 June 2018 (“Circular’) issued by the Investment Products Division to announce the launch of enhanced fund data reporting requirements for SFC-authorized funds**

- **Engagements with the industry before introducing the enhanced requirements**

- **The collection of enhanced funds data will enhance the SFC’s ability to perform its supervisory and regulatory responsibilities**
  - Global regulatory developments on data reporting on funds
  - Key principles and recommendations issued by FSB and IOSCO

- **Existing data reporting on SFC-authorized funds will remain unchanged**

Enhanced Fund Data Reporting – Overview

- **Scope of funds**
  - SFC-authorized funds that are authorized under the Code on Unit Trusts and Mutual Funds (save for UCITS funds, Recognized Jurisdiction Schemes and those under mutual recognition of funds arrangements)

- **Areas of enhanced requirements**
  - Liquidity profile of fund's assets
  - Subscriptions and redemptions
  - Asset allocation
  - Securities Transactions

- **Regular reporting**
  - Periodic filing
  - e-submission (via the SFC Online Portal)

- **Future refinement or enhancement (where appropriate)**

Enhanced requirements – Liquidity

- **Liquidity profile of the fund's assets**
  - Breakdown into liquidity categories [2] (amount and % of fund's assets) [3]
    - High
    - Medium
    - Low
    - Illiquid

- **Subscriptions and redemptions**
  - Total gross subscription and gross redemption amount for each month (amount in US dollars and percentage of average NAV of the fund) of the quarter
  - Amount (in US dollars) of outstanding gross subscription and gross redemption as at quarter end date of the fund

Note [2] See SFC's circular on liquidity risk management dated 4 July 2016

Note [3] The summation of the liquidity categories should be equal to 100% of the fund's assets. Information regarding the basis of classification of the categories (as determined by the fund managers) is optional.

Enhanced requirements – Asset allocation

- **Asset allocation**

(i) By country (amount in US dollars)

(ii) Classification of asset classes

- **Cash**
  - Cash and bank balance[4]
- **Fixed Income**[5]
  - Government/municipal (Investment grade / non-IG)[6]
  - Additional Tier 1, contingent convertibles and similar instruments (Investment grade / non-IG)[6] (Financial institution/non-FI)
  - Corporate[7] (Investment grade/non-IG)[6] (Financial institution/ non-FI)
  - Asset-backed (Cash/synthetic)
  - Credit derivatives
  - Cash equivalents (include money market instruments)
- **Commodity**
  - Physical (Precious metal)
  - Derivatives (Exchange traded/OTC)
- **Others**
- **Equity**
  - HK (listed, unlisted)[8] (Financial institution/ non-FI)
  - China (listed, unlisted)[8] (Financial institution/non-FI)
  - Other markets (listed/unlisted)[8]
  - Derivative (Exchange traded/OTC)
- **Funds**[9]
  - Equity fund (SFC-authorized/non-SFC authorized)
  - Bond fund (SFC-authorized/non-SFC authorized)
  - Other funds (SFC-authorized/non-SFC authorized)
  - ETFs[10] (SFC-authorized/non-SFC authorized)
  - REITs[10] (SFC-authorized/non-SFC authorized)
- **Foreign exchange derivatives contracts (e.g. forwards, swaps, options)**

Enhanced requirements - Asset allocation (Con't)

(iii) Funds with feeder-master structure

- The feeder fund should report its direct investment only (e.g. the master fund)
- The master fund (if it is a SFC-authorized fund that falls under the scope of the enhanced reporting requirements) will be required to report data on its asset allocation

Note[4]	Bank balance includes forex spots.
Note[5]	For fixed income securities issued by special purpose vehicles (SPVs), report the country where the principal business of the issuer group/ parent company is based in (e.g. where an issuer's principal business is based in Country A issues a bond via a BVI SPV, the bond holdings should be reported as investment in Country A not BVI.)
Note[6]	Credit ratings of fixed income instruments should be based on ratings from internationally recognised credit rating agencies.
Note[7]	Includes convertible and exchangeable bonds and preferred shares.
Note[8]	For listed equities, report countries where the securities are listed. For unlisted equities, report countries where the principal business of the issuer groups/ parent companies are based in.
Note[9]	For funds, report their place of domiciles.
Note[10]	For ETFs and REITs, report countries where the ETFs and REITs are listed.

Enhanced requirements – Securities Transactions

Global Data
- Amount of securities on loan as a proportion of the total lendable assets and of the fund's NAV
- Respective absolute amounts of each type of SFT outstanding and securities borrowing and as a proportion of the fund's NAV

Concentration data
- Top 10 largest collateral issuers across all SFT and securities borrowing with details on the amounts of collateral received by the fund
- Top 10 counterparties of each type of SFT and securities borrowing, including name of counterparty and gross amount of outstanding transactions

Aggregate transaction data for each type of SFT and securities borrowing
- The amount (including currency denomination)
- Maturity tenor, including open transactions
- The identity and country of the counterparty(ies)
- Settlement and clearing means (tri-party, central counterparty, bilateral)
- Collaterals received by the fund to limit counterparty exposure with the following details
  - Nature of collateral, including asset types (e.g. cash or non-cash assets) and currency denomination
  - Maturity tenor of collateral, including open transactions

Re-investment of cash collateral
- Share of cash collateral received that is re-invested, compared to the maximum amount specified in the fund's offering document (if any)
- Returns from re-investment of cash collaterals

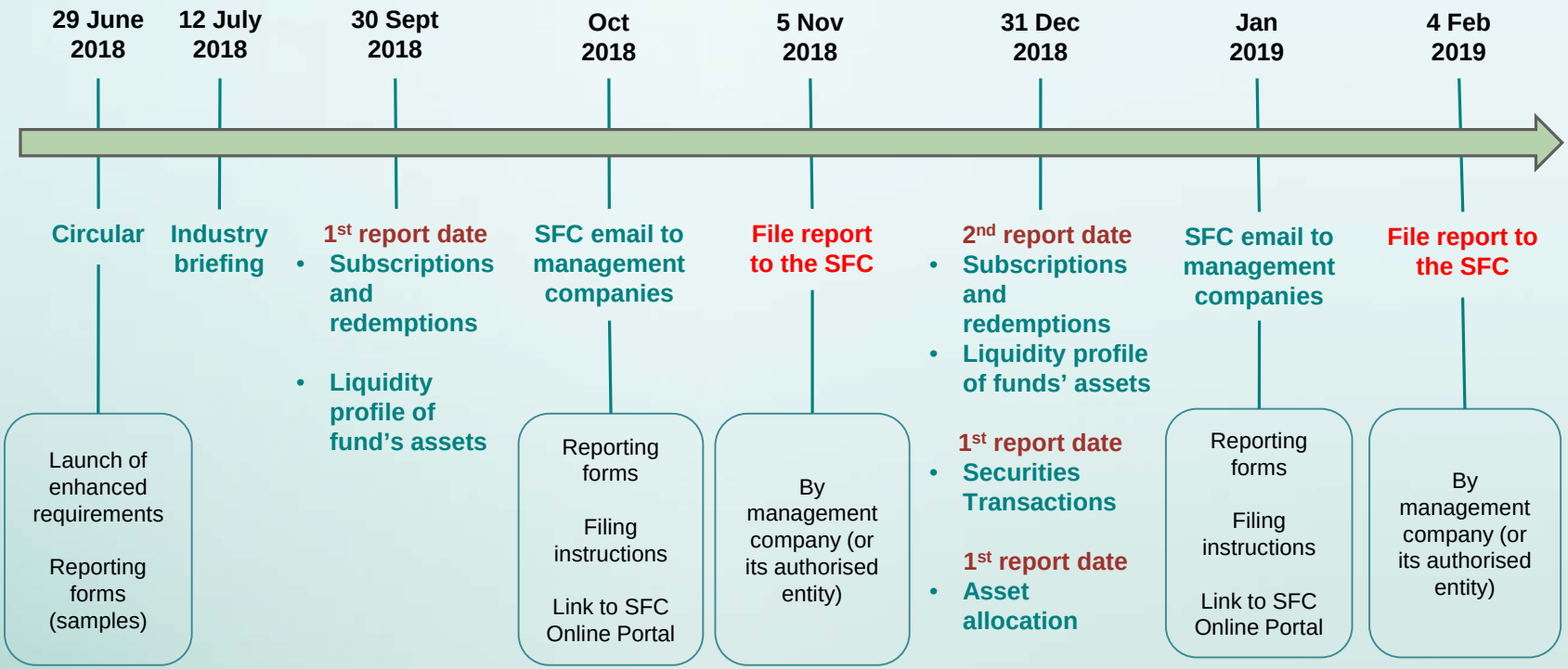
Returns
- Amount of revenue, and the direct and indirect expenses incurred relating to each type of SFT and securities borrowing (e.g. the split between the fund and the management company, investment delegate, trustee/custodian or any of their connected persons or other parties)

Safe-keeping arrangements of collateral
- Number and names of custodians and the amount of collateral held by each of the custodians for the fund
- The proportion of collateral posted by the fund which are held in segregated accounts, pooled accounts, or in any other accounts

Implementation

	Commencement of enhanced reporting	Ongoing reporting
Liquidity	**Subscriptions and redemptions** ▪ 1st report date is 30 Sept 2018 ▪ 1st filing deadline is 5 November 2018 ▪ Subsequent filing within **5** weeks from end of quarter* **Liquidity profile of fund's assets** ▪ 1st report date is 30 Sept 2018 ▪ 1st filing deadline is 5 November 2018 ▪ **Subsequent** filing within **5** weeks from end of quarter*	▪ Quarterly (Quarter end report dates*: 31 March, 30 June, 30 September and 31 December) ▪ Quarterly (See above)
Asset allocation	**Asset allocation** ▪ 1st report date is **31 Dec 2018** ▪ 1st filing deadline is 4 February 2019 ▪ **Subsequent** filing within **5** weeks from end of quarter*	▪ **Quarterly** (see above)
Securities Transactions	**Securities Transactions** ▪ 1st report date is 31 Dec 2018 ▪ 1st filling deadline is 4 February 2019 ▪ Subsequent filing within **5** weeks from year end report date on 31 December	▪ Annually (**Year end report date**: 31 December)

Illustrations on reporting timeline



Quarterly reporting

- Subscriptions and redemptions (First report date: 30 Sept 2018)
- Liquidity profile of fund's assets (First report date: 30 Sept 2018)
- Asset allocation (First report date: 31 Dec 2018)

Annual reporting

- Securities Transactions (First report date: 31 Dec 2018)

Sample reporting forms

- **Fund data required to be submitted is set out in full in the reporting forms**
  - The reporting forms that will be sent with the SFC notification emails should be used for filing
  - Management companies (or their authorised agents) should file the completed reporting forms to the SFC. The management companies shall remain responsible for the submissions

- **Attachment 1 - 4 to the Circular are sample reporting forms only**
  - For reference
  - Instructions for completing the forms are included
  - Do not use for filing purposes

Attachment 1 – Sample template for liquidity profile

Report Date (dd/mm /yyyy)	Name of management company	CE referenc e of fund	Name of fund	Name of umbrella fund	Feeder Fund (Y/N)	Name of Reporting Entity	Role of Reporting Entity (Manager/ Fund administrator/ Other entity authorized by the Manager (please specify the role))	Assets with high liquidity as at quarter end (US dollar)	Assets with high liquidity as at quarter end (% of portfolio assets)	Assets with medium liquidity as at quarter end (US dollar)	Assets with medium liquidity as at quarter end (% of portfolio assets)	Assets with low liquidity as at quarter end (US dollar)	Assets with low liquidity as at quarter end (% of portfolio assets)	Illiquid assets as at quarter end (US dollar)	Illiquid assets as at quarter end (% of portfolio assets)	Total assets as at quarter end (sum of columns I, K, M, O in US dollar)	Total assets as at quarter end (sum of columns J, L, N, P in % of portfolio assets)
																-	0.00%
																-	0.00%
																-	0.00%

Attachment 2 – Sample template for subscriptions and redemptions

Report Date (dd/mm/ yyyy)	Name of management company	CE reference of fund	Name of fund	Name of umbrella fund	Feeder Fund (Y/N)	Name of Reporting Entity	Role of Reporting Entity (Manager/ Fund administrator/ Other entity authorized by the Manager (please specify the role))	Any HK investors in the fund (Y/N)	Dealing frequency (Daily/ Monthly/ Others (Please specify))	1st month Total gross subscriptions of the month (US dollar)	1st month Total gross subscriptions of the month (% of average NAV of the month)	1st month Total gross redemptions of the month (US dollar)	1st month Total gross redemptions of the month (% of average NAV of the month)	1st month Any liquidity problems in meeting the redemptions (Y/N)	1st month Any deferral of redemptions to next dealing day (Y/N)

2nd month Total gross subscriptions of the month (US dollar)	2nd month Total gross subscriptions of the month (% of average NAV of the month)	2nd month Total gross redemptions of the month (US dollar)	2nd month Total gross redemptions of the month (% of average NAV of the month)	2nd month Any liquidity problems in meeting the redemptions (Y/N)	2nd month Any deferral of redemptions to next dealing day (Y/N)	3rd month Total gross subscriptions of the month (US dollar)	3rd month Total gross subscriptions of the month (% of average NAV of the month)	3rd month Total gross redemptions of the month (US dollar)	3rd month Total gross redemptions of the month (% of average NAV of the month)	3rd month Any liquidity problems in meeting the redemptions (Y/N)	3rd month Any deferral of redemptions to next dealing day (Y/N)	Quarter end Outstanding gross subscription at Report Date (US dollar)	Quarter end Outstanding gross redemptions at Report Date (US dollar)

Attachment 3 – Sample template for asset allocation

Report Date (dd/mm/yyyy)	
Name of management company	
CE reference of fund	
Name of fund	
Name of umbrella fund	
Feeder Fund (Y/N)	
Name of Reporting Entity	
Role of Reporting Entity (Manager/ Fund administrator/ Other entity authorized by the Manager (please specify the role))	
Portfolio currency	

	Amount (in US dollar)
Cash and bank balance *(Note 1)*	
Foreign exchange derivatives contracts (e.g. forwards, swaps, options)	

By asset class / by region (in US dollar)				Australia	China	Hong Kong	India	Japan	Macau	New Zealand
Fixed income *(Note 2)*	Government / Municipal	Investment Grade *(Note 3)*								
		Non-Investment Grade *(Note 3)*								
	Corporate *(Note 4)*	Investment Grade *(Note 3)*	Financial Institution							
			Non-Financial Institution							
		Non-Investment Grade *(Note 3)*	Financial Institution							
			Non-Financial Institution							
	Additional Tier 1, Contingent Convertibles and similar instrucments	Investment Grade *(Note 3)*	Financial Institution							
			Non-Financial Institution							
		Non-Investment Grade *(Note 3)*	Financial Institution							
			Non-Financial Institution							
	Asset-Backed	Cash								
		Synthetic								
	Credit derivatives									
	Cash equivalents (including money market instrucments)									
Equity *(Note 5)*	Listed equities	Financial Institution								
		Non-Financial Institution								
	Unlisted equities	Financial Institution								
		Non-Financial Institution								
	Derivatives	Exchange traded								
		Over-The-Counter								
Fund *(Note 6)*	Equity Funds	SFC authorized								
		Non-SFC authorized								
	Bond Funds	SFC authorized								
		Non-SFC authorized								
	Other Funds	SFC authorized								
		Non-SFC authorized								
	Exchange Traded Funds *(Note 7)*	SFC authorized								
		Non-SFC authorized								
	Real Estate Investment Trusts (Note 7)	SFC authorized								
		Non-SFC authorized								
Commodity	Physical (Precious metal)									
	Derivatives	Exchange traded								
		Over-The-Counter								
Others										
Total				-	-	-	-	-	-	-

Attachment 4 – Sample template for Securities Transactions

Report Date (dd/mm/yyyy)	
Name of management company	
CE reference of fund	
Name of fund	
Name of umbrella fund	
Feeder Fund (Y/N)	
Name of Reporting Entity	
Role of Reporting Entity [Manager/ Fund administrator/ Other entity authorized by the Manager (please specify the role)]	

A. Global Data

Securities lending*			Securities borrowing*		Repo*		Reverse Repo*	
Amount (US dollar)	% of NAV	% of Total lendable asset	Amount (US dollar)	% of NAV	Amount (US dollar)	% of NAV	Amount (US dollar)	% of NAV

B. Concentration Data

Top 10 collateral securities received (classified by issuer)		
Rank	Issuer	Amount (US dollar)
1	*[name to insert]*	
2	*[name to insert]*	
3	*[name to insert]*	
4	*[name to insert]*	
5	*[name to insert]*	
6	*[name to insert]*	
7	*[name to insert]*	
8	*[name to insert]*	
9	*[name to insert]*	
10	*[name to insert]*	

Top 10 counterparties of Securities financing transactions and securities borrowing transactions

Securities lending*				Securities borrowing*			
Rank	Counterparty	Counterparty Type	Amount (US dollar)	Rank	Counterparty	Counterparty Type	Amount (US dollar)
1	*[name to insert]*			1	*[name to insert]*		
2	*[name to insert]*			2	*[name to insert]*		
3	*[name to insert]*			3	*[name to insert]*		
4	*[name to insert]*			4	*[name to insert]*		
5	*[name to insert]*			5	*[name to insert]*		
6	*[name to insert]*			6	*[name to insert]*		
7	*[name to insert]*			7	*[name to insert]*		
8	*[name to insert]*			8	*[name to insert]*		
9	*[name to insert]*			9	*[name to insert]*		
10	*[name to insert]*			10	*[name to insert]*		

Repo*				Reverse Repo*			
Rank	Counterparty	Counterparty Type	Amount (US dollar)	Rank	Counterparty	Counterparty Type	Amount (US dollar)
1	*[name to insert]*			1	*[name to insert]*		
2	*[name to insert]*			2	*[name to insert]*		
3	*[name to insert]*			3	*[name to insert]*		
4	*[name to insert]*			4	*[name to insert]*		
5	*[name to insert]*			5	*[name to insert]*		
6	*[name to insert]*			6	*[name to insert]*		
7	*[name to insert]*			7	*[name to insert]*		
8	*[name to insert]*			8	*[name to insert]*		
9	*[name to insert]*			9	*[name to insert]*		
10	*[name to insert]*			10	*[name to insert]*		

Attachment 4 – Sample template for Securities Transactions (Con't)

C. Aggregate Transaction Data

Securities financing transactions and securities borrowing transactions (in aggregate)

Securities financing transactions and securities borrowing transactions by currency - Amount (US dollar)

Currency	Securities lending*	Securities borrowing*	Repo*	Reverse Repo*
USD				
HKD				
RMB				
TWD				
AUD				
NZD				
EUR				
GBP				
CHF				
CAD				
JPY				
Other				

Securities financing transactions and securities borrowing transactions by maturity - Amount (US dollar)

Tenor	Securities lending*	Securities borrowing*	Repo*	Reverse Repo*
Open Transaction				
1 day				
2-7 days				
8 days - 1 month				
>1 month - 3 months				
>3 months - 1 year				
>1 year				

Securities financing transactions and securities borrowing transactions by settlement/clearing - Amount (US dollar)

Region	Securities lending*	Securities borrowing*	Repo*	Reverse Repo*
Tri-party				
Central counterparty				
Bilateral				

Securities financing transactions and securities borrowing transactions by identity (counterparty) - Amount (US dollar)

Counterparty	Securities lending*	Securities borrowing*	Repo*	Reverse Repo*
[name to insert]				
[name to insert]				
[name to insert]				
[name to insert]				
[name to insert]				
[name to insert]				
[name to insert]				
[name to insert]				
[name to insert]				
[name to insert]				
[name to insert]				
[name to insert]				
[name to insert]				
[name to insert]				
Other				

Securities financing transactions and securities borrowing transactions (counterparty by country) - Amount (US dollar)

Region	Securities lending*	Securities borrowing*	Repo*	Reverse Repo*
USA				
Hong Kong				
Mainland China				
Taiwan				
Australia				
New Zealand				
Europe Union				
United Kingdom				
Switzerland				
Canada				
Japan				
Other				

Holding of Collateral (in aggregate)

Type of collateral received (by asset type) - Amount (US dollar)

Type	Securities lending	Securities borrowing	Repo	Reverse Repo
Cash, Cash-equivalent & Money Market Instrument				
Government Debt - Investment Grade				
Government Debt - Non-Investment Grade				
Corporate Debt - Investment Grade				
Corporate Debt - Non-Investment Grade				
Other				

Type of collateral received (by currency) - Amount (US

Type	Securities lending	Securities borrowing	Repo	Reverse Repo
USD				
HKD				
RMB				
TWD				
AUD				
NZD				
EUR				
GBP				
CHF				
CAD				
JPY				
Other				

Collateral by maturity - Amount (US dollar)

Tenor	Securities lending	Securities borrowing	Repo	Reverse Repo
Open Transaction				
1 day				
2-7 days				
8 days - 1 month				
>1 month - 3 months				
>3 months - 1 year				
>1 year - 5 years				
>5 years				

Attachment 4 – Sample template for Securities Transactions (Con't)

D. Reinvestment and re-hypothecation data					
Type	Amount (US dollar)	Maximum authorized amount (if any) (US dollar)	Utilization	Information on any restricition on type of collateral received	Return from investment (US dollar)
Cash					

E. Return data of Securities financing transactions and securities borrowing transactions - Amount (US dollar)				
Type	Securities lending	Securities borrowing	Repo	Reverse Repo
Revenue - To fund				
Revenue - To other parties				
Direct and Indirect Expense - To fund				
Direct and Indirect Expense - To other parties				

F. Custodian of collateral	
Name of Custodian	Amount (US dollar)
[name to insert]	
[name to insert]	
[name to insert]	
[name to insert]	
[name to insert]	
[name to insert]	
[name to insert]	
[name to insert]	
[name to insert]	
[name to insert]	
Other	

G. Safekeeping of collateral	
Type	Proportion (in %) of collateral posted by the fund
Segregated accounts	
Pooled accounts	
Other accounts	

Q&A