

**Consultation Conclusions and Further Consultation  
on the Securities and Futures (OTC Derivative Transactions –  
Reporting and Record Keeping Obligations) Rules  
("Consultation Paper")**

**Submissions**

On 28 November 2014, the Hong Kong Monetary Authority (**HKMA**) and Securities and Futures Commission (**SFC**) issued a consultation conclusion-cum-further consultation paper (**Consultation Paper**) on the Securities and Futures (OTC Derivative Transactions – Reporting and Record Keeping) Rules (**Rules**). This Consultation Paper summarizes the views the HKMA and SFC received from their prior consultation launched in July 2014 on the same subject; it also seeks further views on the proposed mandatory reporting and related record keeping obligations.

The Law Society has reviewed the Consultation Paper and has the following submissions. The submissions are set out in responses to those issues on page 29 of the Consultation Paper, using the same paragraph reference as in the Consultation Paper.

- (a) *The reporting of valuation transaction information – see paragraphs 122 to 125 of the Consultation Paper*

**Law Society's Response:**

We have no views on the operational process of valuation of reportable transactions.

- (b) *The proposed list of jurisdictions to be designated by the SFC for the purposes of the masking relief – see paragraph 126 of the Consultation Paper*

**Law Society's Response:**

We have no views on the proposed list of jurisdictions. We agree the SFC should be responsible for designating jurisdictions, rather than leaving the jurisdictions to be resolved by way of legal opinions from legal advisers.

- (c) *The proposed list of markets and clearing houses to be prescribed by the Financial Secretary for the purposes of the definition of "OTC derivative product" – see paragraphs 127 to 134 of the Consultation Paper*

**Law Society's Response:**

We have no views on the proposed list of markets and clearing houses to be excluded from the definition of "OTC derivatives products".

**The Law Society of Hong Kong  
23 December 2014**