HKTR OTC Derivatives Reporting Reform

Overview and Timeline

Finalized over-the-counter derivatives (OTCD) reporting reforms were jointly released by HKMA and SFC on 26 September 2024. In an effort to align the Hong Kong Trade Repository (HKTR) reporting requirements with global standards, HKMA and SFC have introduced 4 major changes which will **go live on 22 September 2025** in a "big bang" approach.

September 26 2024
The HKMA and SFC concluded their joint further consultation on **UTI, UPI, CDE and ISO 20022** reforms to HKTR, issuing finalized reporting instructions, data dictionary and reporting templates.

September 22 2025
Implementation date of all 4 proposed changes to HKTR for new trades.

March 2026
End of transition period for reporting of legacy trades using current HKTR templates.

📍 **We are here**

Four Major Changes: Data Fields, Formats and Global Trade Identifiers

1 New Critical Data Elements (CDE)

- Replacement of current HKTR reporting fields and templates with **new CDE data fields and format** for each asset class
- 6-month transition period for **re-report legacy transactions** (parallel reporting of old HKTR templates allowed for legacy trades)

2 ISO20022 (XML) Adoption

- **XML format** completely replaces reporting templates and presentation format, **no option for manual operation**
- Follow **AIDG standards** for **XML specifications** for trade, valuation, collateral/ margin data reporting
- **Supplementary guidance SRI and FAQs** to be published at later date

3 Unique Transaction Identifier (UTI)

- Unique 52-character code for each underlined transaction (LEI + unique trade identifier), generated by one counterparty
- **Globally implemented** across different jurisdictions

4 Unique Product Identifier (UPI)

- 12 character code for each underlined product, generated by **Derivative Service Bureau** (DSB), stored in **UPI Reference Data Library**

Key Challenges & Major Concerns

Business challenges
- Perform **data sourcing / trawling from new systems** (e.g., margin fields from Risk systems) which requires coordinated effort with new system and data owners.
- **Comprehensive assessment** of **data quality**, **data definitions**, **data availability** need to be ready before data mapping can be done.
- **Re-assess CDE data field applicability** based on HKTR CDE.
- **Re-develop all HKTR data transformation/ business requirements** based on CDE data dictionary

IT challenges
- Enterprise-wide effort on data sourcing and mapping from IT systems needed, to comply with **new HKTR CDE** and **ISO20022** requirements
- **Revamp systems** for HKTR output in **XML format**.
- Implement **new system flows**, **reporting triggers**, and **lifecycle event triggers** for new XML message types.
- Manage **dual reporting flows** for live legacy and new trades.
- **Extensive testing** and **potential modifications** required considering complexity of requirements

Compliance challenges
- **Extensive pre go-live checks** should be done to give comfort that new system's capabilities and business data interpretations align with regulatory requirements.
- Ensure **compliance with the complex validation rules** through comprehensive testing.

How PwC Can Help

End-to-end HKTR Automation
- Leverage **PwC's HKTR reporting solution** which fully automates data loading, transformation and output returns in **submission-ready XML format**
- Tool fully tailored to your entity's data, assumptions and manual processes from our data assessment work
- **Blended advisory and technology solution** with tailored validation and reconciliations

End-to-end Automated HKTR Reporting Solution

Data Mapping & Assessment
- Perform **data quality assessment**, **sourcing and mapping** to CDE. Confirm any assumptions with data owners, and recommend proxies for unavailable data.
- Develop new HKTR business requirements (in your entity's format) based on new reporting and validation rules;
- Define user test cases.

Business requirements and data dictionary

Process & Controls Design
- Define new **reporting process** under new HKTR solution (PwC, in-house or other solution), document end-to-end procedures
- Discuss with stakeholders to confirm **roles and responsibilities** under BAU reporting, issue resolution/ exception handling and change management
- Design tailored HKTR controls (reconciliation, variance checks)

HKTR standard operating procedure (SOP) & controls

Compliance Check
- Pre-go-live **independent assessment** of your HKTR outputs **against new requirements**
- Assessment includes trade-level sample checks and data definition and logic alignment checks
- **Identify gaps** and **recommend remediation** actions. Identify and discuss action owners across departments

Independent assessment report

Other Support
- Coordinate across system owners, data owners, report preparers and other stakeholders
- Discuss **UTI/ UPI solution** and integrate UTI and UPI outputs into HKTR reporting solution (in line with your needs)
- **Drive impact assessment** for data quality, data definitions, data availability
- Provide tailored **training** to stakeholders and support period for any changes or bugs in HKTR