



RESPONSE TO FEEDBACK RECEIVED – DRAFT REGULATIONS PURSUANT TO THE SECURITIES AND FUTURES ACT FOR THE REPORTING OF DERIVATIVES CONTRACTS

1. Introduction

1.1 On 9 July 2014, MAS issued a consultation paper inviting comments on the proposed Securities and Futures (Reporting of Derivatives Contracts) Regulations (Amendment) 2014 [“SF(RDC)R”]. The paper proposed phasing in the reporting of foreign exchange (“FX”) over-the-counter (“OTC”) derivatives contracts. The consultation closed on 8 August 2014. The list of respondents can be found at Annex 1.

1.2 MAS thanks all respondents for their feedback. MAS has carefully considered the feedback received and, where appropriate, incorporated them into the draft Regulations. Comments of wider interest, together with MAS’ responses, are set out below.

2. Comments on Reporting of Derivatives Contracts

Reporting of FX derivatives contracts

2.1. Respondents urged MAS to consider broadening the definition of FX spot contracts which will be excluded from the reporting requirements. In particular, respondents requested that MAS consider excluding FX spot contracts even where the customary settlement period exceeds T+2 (i.e. two business days). Respondents also asked MAS to consider excluding FX transactions that are effected solely for the purpose of buying or selling securities denominated in foreign currencies, even where the settlement period of the security is greater than T+2.

MAS' Response

2.2. MAS is committed to ensuring that the scope of the reporting requirements is broadly in line with other major jurisdictions. This simplifies reporting by entities that face reporting obligations in multiple jurisdictions, and also facilitates cross-border data aggregation.

2.3. Consistent with this principle, MAS will exclude the following categories of FX contracts from the reporting requirements. These exclusions are in line with the approach taken in the US and other major jurisdictions.

Contract Type	Settlement Period
FX contracts settled by actual delivery of underlying currency, involving currency pairs between: Euro, US Dollar, Japanese Yen, Australian Dollar, Swiss Franc, Hong Kong Dollar, New Zealand Dollar, Singapore Dollar, Norwegian Krone and Mexican Peso	Within 2 business days
FX contracts settled by actual delivery of underlying currency, involving any other currency pairs	Within the earlier of: (i) the longer of the customary spot settlement periods of the currency pair; or (ii) 7 business days.
FX contracts for the sole purpose of buying or selling a security denominated in another currency	Within the earlier of: (i) the settlement period of the underlying security; or (ii) 7 business days.

Definition of trading

2.4. Several respondents sought clarification on the definition of “traded in Singapore”. They asked if traders on temporary secondments or assignments should be included. Some respondents also highlighted challenges in implementing systems to track traders’ duration of stay in Singapore. Concerns were also expressed that there may be insufficient time to implement reporting

of credit and interest rate derivatives contracts “traded in Singapore” by 1 April 2015, in light of the extensive front and back office upgrades needed.

MAS’ Response

2.5. MAS has refined the definition of “traded in Singapore” to address the feedback received. Contracts executed by traders who are employed in Singapore will be considered to be traded in Singapore. The definition will also include contracts executed by traders located in Singapore who have been executing trades, or have been authorised to execute trades, for at least the last 30 days prior to the date of the contract. Accordingly, contracts executed by traders on short-term trips or assignments to Singapore of less than 30 days will not be regarded as “traded in Singapore”.

2.6. In view of the scope of system changes needed to implement the reporting requirement, MAS agrees to delay the reporting by banks of credit and interest rates derivatives contracts traded in Singapore until 1 Nov 2015, to align with the timeline for bank reporting of FX derivatives contracts traded in Singapore.

Information to be reported

2.7. In relation to additional data fields proposed by MAS, respondents requested MAS to provide sufficient lead time for implementation, and to consider the readiness of middleware providers and of the trade repository. In relation to collateral data, respondents asked MAS to consider delaying implementation until after the industry has had the opportunity to review the implementation process for collateral reporting under the European Market Infrastructure Regulation which came into effect in August 2014.

MAS’ Response

2.8. The additional data fields proposed contain important information for MAS to fulfil the purposes of the trade reporting mandate. These data fields are also in line with requirements in most major jurisdictions. However, taking into account the consultation feedback and discussions with the trade repository and middleware providers, MAS will commence the reporting of the additional data fields from 1 November 2015, to allow more lead time for implementation. In the interim, institutions may report these additional data fields on a voluntary basis.

2.9. MAS understands the operational and implementation challenges in reporting collateral data. MAS will continue to monitor international developments in this area before determining the scope and timing of the reporting requirements.

Deferred reporting in certain cases

2.10. MAS had proposed to remove EU jurisdictions from the list of jurisdictions (“the Fifth Schedule”) for which masking of counterparty information is conditionally permitted (“masking relief”). Respondents have requested that the masking relief be continued in relation to several European jurisdictions¹, due to remaining privacy restrictions in these jurisdictions.

MAS’ Response

2.11. MAS notes respondents’ feedback and will not, at this time, amend the Fifth Schedule. The masking relief will be extended to 1 November 2015. As part of MAS’ commitment to the G20’s objective of enhancing transparency in the OTC derivatives market, legislative changes will be made to the Securities and Futures Act (“SFA”) to lift banking confidentiality for the purposes of meeting the reporting requirements. MAS will consult on the proposed amendments to the SFA accordingly.

MONETARY AUTHORITY OF SINGAPORE

31 October 2014

¹ Namely, Austria, Belgium, France, Hungary, and Luxembourg.

ANNEX 1

LIST OF RESPONDENTS TO CONSULTATION PAPER ON DRAFT REGULATIONS PURSUANT TO THE SECURITIES AND FUTURES ACT FOR REPORTING OF DERIVATIVES CONTRACTS*

1. Aberdeen Asset Management Asia Limited
2. ABN AMRO BANK N
3. Allen & Overy LLP
4. Allianz Global Investors Singapore Limited
5. AXA Insurance Singapore
6. Cargill Asia Pacific Holdings Pte Ltd
7. Citi Singapore
8. City Index Asia Pte Ltd
9. Clifford Chance Pte
10. CME Group
11. DBS BANK
12. Depository Trust and Clearing Corporation
13. Deutsche Bank AG, Singapore Branch
14. Fullerton Fund Management Company Ltd
15. Global Financial Markets Association
16. IG Markets
17. International Swaps and Derivatives Association, Inc
18. Investment Management Association of Singapore
19. Japanese Bankers Association
20. Mizuho Bank, Ltd
21. Noble Resources International Pte Ltd
22. Norddeutsche Landesbank Girozentrale, Singapore Branch
23. SEB AB, Singapore Branch
24. Standard Chartered Trust (Singapore) Limited
25. State Street Global Services
26. Sumitomo Mitsui Banking Corporation, Singapore Branch
27. SWIFT
28. Aberdeen Asset Management Asia Limited

*This list includes only the names of respondents who did not request that their submissions be kept confidential.