16 February 2021

Dear Client,

**HKMA Requirement on the Use of LEI for OTC Derivatives Reporting**

We are writing to inform you that the Hong Kong Monetary Authority (“HKMA”) has provided notification of the first phase of mandating the use of Legal Entity Identifiers (“LEI”) for OTC derivatives’ reporting, effective 1 April 2019. Pursuant to the Joint Consultation Conclusions Paper on Enhancements to the OTC Derivatives Regime for Hong Kong published in June 2018\(^2\) (Joint Consultation Conclusions), as part of this first phase, Standard Chartered Bank (Hong Kong) Limited (“the Bank”), as the reporting entity, was required to review and ensure that we have a robust process in place to educate our clients about the LEI requirement and to provide information about how to obtain an LEI. The Bank would like to encourage in-scope (entity) clients to provide us with your LEI.

As of now, the HKMA has not issued a firm date for the second phase when clients are mandated to have an LEI. This date and connected requirements will be forthcoming, but we believe it is in our clients’ interest to apply for an LEI in anticipation of future announcements by the HKMA, and request for you to provide this to the Bank at your earliest convenience. Further details can be found in the Joint Consultation Conclusions.

**In order to meet the future regulatory reporting obligation, you are advised to apply for an LEI and share the details with the Bank. Failure to do so may impact any future OTC derivatives trades with the Bank. Please ignore this letter if you have already provided the LEI to the Bank.**

**What is the LEI**

An LEI is a unique identifier for persons that are legal entities (including companies, charities and trusts) that engage in financial transactions. The global industry standard is known as an LEI. When an LEI code is allocated to a legal entity or structure, the code is included in a global data system. This enables every legal entity or structure that is a party to a relevant financial transaction to be identified in any jurisdiction.

Further information on the LEI can be found on the Legal Entity Identifier Regulatory Oversight Committee\(^3\) (“LEIROC”) and Global Legal Entity Identifier Foundation\(^4\) (“GLEIF”) websites.

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\(^1\) OTC derivatives products include Foreign Exchange ("FX") Forward, FX Options, FX Accumulator ("AQ")/Decumulator ("DQ"), Precious Metals ("PM") Forward, PM Options, Non-deliverable Forward, Bond Options, Equity Options, Equity AQ/DQ, Premium Currency Investment and Interest Rate Swap. The reporting covers OTC derivatives products transactions conducted by clients and under Discretionary Portfolio Management.
\(^3\)Legal Entity Identifier Regulatory Oversight Committee (“LEIROC”) website: https://www.leiroc.org/
\(^4\)Global Legal Entity Identifier Foundation (“GLEIF”) website: https://www.gleif.org/en
How to obtain an LEI and renewals

An LEI is available from bodies accredited by the GLEIF, or bodies endorsed by the LEIROC as an authorised Local Operating Unit (“LOU”) for the global allocation of LEIs. A list of all LOUs can be found on the GLEIF website. The GLEIF has introduced the concept of a ‘registration agent’ to assist legal persons to access LOUs. A LOU may, at their discretion, charge a fee for allocating and annual renewal of the LEI.

Please feel free to contact your Private Banker once you have obtained the LEI or if you have any questions about this matter.

Yours sincerely,

Standard Chartered Bank (Hong Kong) Limited

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