






BOC USA

Financial Market Products
Reporting Procedure

March 2021

Version	Date Changes Made	Author	Description of Changes
1.0	January 2018	TRD, MOD, OSD	Procedure Initiation
1.1	July 2019	MKD, MOD, OSD	Department Name Change
1.2	July 2020	MKD, MOD, OSD	Annual Procedure Update
1.3	March 2021	MKD, MOD, OSD	Annual Procedure Update

Identifying Information	
Title	Financial market products reporting procedure
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Contact Information	Kevin C Zhu, Yawtzung Ho, Amy Huang
Effective Date	March 2021
Location	BoC Policy Library
Document Type	Procedure

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Contents

1. Executive Summary	4
2. The Scope	4
2.1 Product Scope	4
2.2 Department Scope	4
3. General Provisions.....	5
3.1 Responsibility for Reporting and Reporting Delegation	5
3.2 Reporting to Swap Data Repositories (DTCC)	5
4. Roles and Responsibilities	5
5. Procedure Instructions	6
5.1 Reporting Upon Execution and Confirmation	6
5.2 Reporting of Continuation Data	6
5.2.1 Valuation Data	6
5.2.2 Changes in PET Data	6
5.3 Clearing Exception/Exemption Reporting.....	7
5.4 Record Keeping	7
6. Update Requirements	8
7. EXCEL CSV Attachment.....	11

1. Executive Summary

As a part of financial service functions, Bank of China USA (“the Bank”) may engage in derivative transactions known as “swaps.” When engaging in such transactions, the Bank is subjected to certain swap reporting requirements of the Commodity Exchange Act (“CEA”), as amended by Title VII of the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”), and the U.S. Commodity Futures Trading Commission’s (“CFTC”) rules adopted thereunder. This Swap Data Reporting Procedure (the “Reporting Procedure”) is designed to facilitate the Bank’s compliance with these requirements. This Reporting Procedure supplements the Bank’s Corporate Client Service Procedure for Financial Market Products, which is designed to facilitate the Bank’s financial market products management.

2. The Scope

This Reporting Procedure applies when US corporate client delegates reporting responsibilities to the Bank and the Bank reports derivatives transaction information to DTCC.

This Procedure applies to any personnel from the Bank that engages in, supervises or supports the Bank’s reporting of swaps. All such personnel must review this Reporting Procedure and comply with its requirements.

This Procedure is subordinate to the Branch’s Risk Governance Framework and all related Branch’s policies.

2.1 Product Scope

- **FX Forward** – an agreement between two counterparties to purchase one currency against sell a set amount of other currency at a specified price for settlement at a predetermined time in the future (following market practice, usually T+3 and beyond).
- **FX Swap** – an agreement in which a counterparty borrows one currency from, and simultaneously lends another to, another counterparty. Each counterparty uses the repayment obligation to its counterparty as collateral and the amount of repayment is fixed at the FX forward rate as of the start of the contract.
- **Interest Rate Swap (IRS)** – an agreement between two counterparties in which one stream of future interest payments is exchanged for another based on a specified principal amount.
- **Cross-Currency Swap (CCS)** – an agreement by which two counterparties undertake to exchange nominal and periodically exchange interest payments in two currencies.

2.2 Department Scope

- Global Markets Department (MKD)
- Middle Office Department (MOD)

- Operation Services Department (OSD)

3. General Provisions

3.1 Responsibility for Reporting and Reporting Delegation

The CFTC has two primary sets of rules relating to the reporting of swap transactions: Part 45 and Part 43 each include a separate reporting hierarchy that determines which party is legally responsible for reporting a swap (the “reporting counterparty”). A party that is determined to be the “reporting counterparty” under these rules may engage a third-party service provider or other agent to report a swap transaction, but the reporting counterparty designated under CFTC rules retains legal responsibility for the reporting obligation. This third-party service provider may be a third-party vendor, but it could also be the counterparty to the swap, such as the Bank.

If reporting is delegated to the Bank, U.S. Non-Registrant shall sign reporting delegation agreement with the Bank.

3.2 Reporting to Swap Data Repositories (DTCC)

Swap reporting obligations described in this Reporting Procedure generally must be satisfied by electronically reporting data to DTCC that is registered with the CFTC and accepts data in the asset class relevant for the particular swap. Where the Bank is responsible for reporting a transaction, it shall make reports using CSV file provided or required by DTCC.

4. Roles and Responsibilities

4.1 MKD

- Send request of report processing and provide related information.

4.2 MOD

- Verify and reconcile the reporting result.

4.3 OSD

- Process the files DTCC needed and upload relevant reports to DTCC.

5. Procedure Instructions

This applies where the Bank engages in a swap with a U.S. Non-Registrant (client) that has agreed to enter into a reporting delegation agreement with the Bank. Where the Bank faces a Non-Registrant that is a non-U.S. person, the transaction will generally not need to be reported under the CFTC's rules. If the client elects not to enter into a reporting delegation agreement with the Bank, it will be deemed that client will report data to an SDR for its own and the Bank have no reporting responsibilities for client.

5.1 Reporting Upon Execution and Confirmation

After each FX forward, FX swap, IRS and CCS transaction is completed, if the Bank is delegated for reporting under Dodd Frank Act Title VII, MKD will send reporting request to OSD and provide transaction details and other applicable information using relevant template to OSD and MOD within 2 hours.

OSD shall prepare the transaction confirmation and send to client. OSD will fill in the related fields in the Bank internally-developed template according to the information provided by MKD, interface the information to DTCC's RT-PET- CONFIRM template and upload the CSV files to the portal. After that, batch report will be downloaded from DTCC and sent to MOD.

MOD shall verify the OSD provided DTCC report based on the MKD provided information. If any mistake is found, MOD shall immediately notify OSD and MKD for further processing.

5.2 Reporting of Continuation Data

Continuation Data must be reported electronically to DTCC. Similarly, under Part 43 of the CFTC's regulations, Real-Time Data shall be reported to DTCC following certain events in the life of the swap.

5.2.1 Valuation Data

MKD shall send outstanding transactions as of the last day of each fiscal quarter to OSD and MOD. OSD shall process the reporting for current mark of the transaction as of the last day of each fiscal quarter to DTCC within 30 calendar days of the end of each quarter. After that, batch report will be downloaded from DTCC and send to MOD.

MOD shall verify the OSD provided DTCC report based on the MKD provided information. If any mistake found, MOD shall immediately notify OSD for further processing.

5.2.2 Changes in PET Data

Currently, the Bank will only allow PET data change in event of early termination. In this case, after deals terminated, MKD will send reporting request to OSD and provide transaction details

and other applicable information using relevant template to OSD and MOD within 2 hours. OSD will fill in the related fields in the Bank internally-developed template, and interface the information to DTCC's template and upload the CSV files to the portal. After that, batch report will be downloaded from DTCC and sent to MOD.

MOD shall verify the OSD provided DTCC report based on the MKD provided information. If any mistake found, MOD shall immediately notify OSD and MKD for further processing.

For each product's reporting column, please refer to the attachment 1-4.

5.3 Clearing Exception/Exemption Reporting

According to Dodd-Frank Act Title VII, certain types of standardized swaps are required to be cleared, unless an exception or exemption is available to one of the counterparties. Currently, the Bank relies on End-User Exception to exempt from central clearing, and it shall provide, or cause to be provided, certain information to DTCC.

Therefore, according to CFTC, the Bank is required to file the "Reporting Counterparty End-User Exception Form" to DTCC prior to be fulfilling the reporting obligation.

Therefore, before each IRS and CCS transaction, MKD needs to fill in the form based on the information from "Client Swap Onboarding Form" and send to GTREndUserExemption@dtcc.com. This exemption application is valid for 1 year from the date of filing and must be renewed on an annual basis throughout the duration of the swap.

Please refer to the attachment 5 for end user exception form.

5.4 Record Keeping

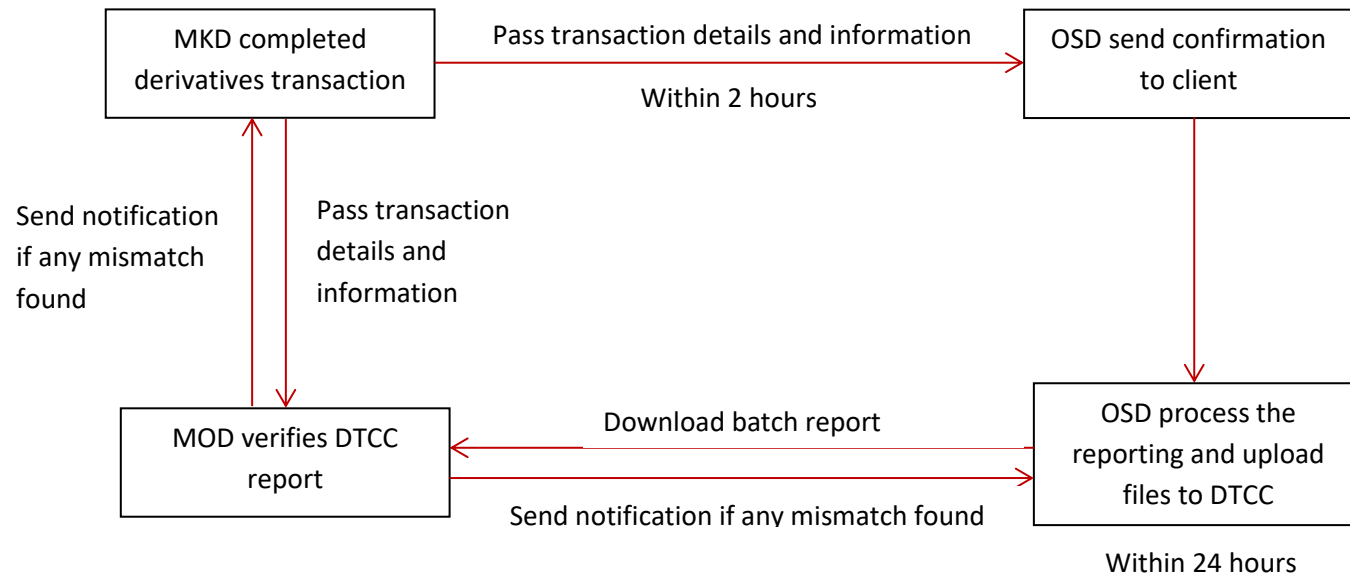
The Bank is required to keep full, complete, and systematic records, together with all pertinent data and memoranda, with respect to each of its swaps, including, without limitation, records of all reports to DTCC, and all records demonstrating its counterparty was entitled, with respect to any swap, to elect the End-User Exception.

All books and records relating to swaps transactions must be maintained for a period of five years provided, however, that records of any swap or related cash or forward transaction shall be kept until the termination, maturity, expiration, transfer, assignment or novation date of the transaction for a period of five years after such date.

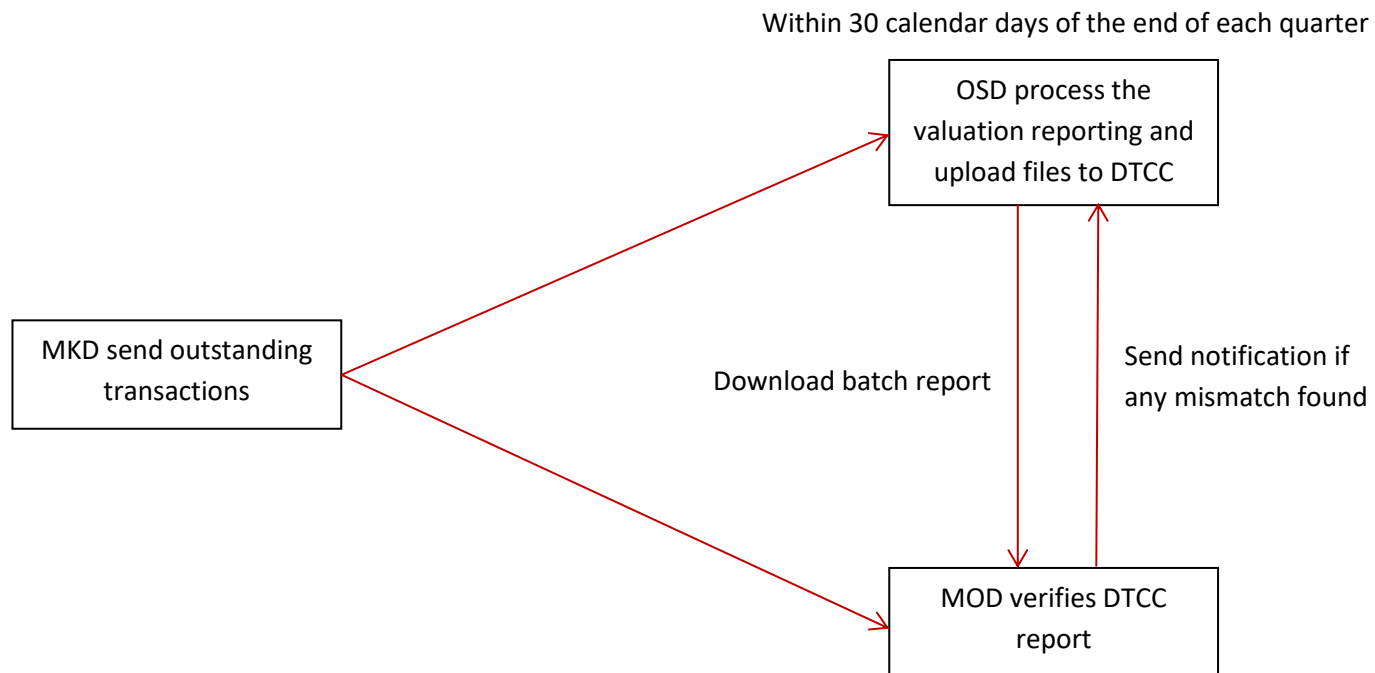
6. Update Requirements

Along with the minimum requirement to update procedure every 3 years, each department is responsible for taking a proactive role in ensuring this Procedure remains relevant and comprehensive. It is therefore the responsibility of each department to monitor internal and external circumstances to determine the immediacy of procedure update to reflect current business practice.

Flow Chart for New Trade/Termination Reporting:



Flow Chart for Valuation Reporting:



7. EXCEL CSV Attachment

1. Interest Rate Swap Reporting Template



RT-PET-CONFIRM



PET-CONFIRM



Snapshot



Valuation

2. Cross Currency Swap Reporting Template



RT-PET-Confirm



PET-Confirm



Snapshot



Valuation



XCCY_New_Upload
v3.csv

3. FX Forward Reporting Template



PET-CONFIRM (New)



PET-CONFIRM
(Modify)



PET-CONFIRM (Exit)



Valuation

4. FX Swap Reporting Template



PET-Confirm (New)



PET-Confirm
(Modify)



PET-CONFIRM (Exit)



Valuation

5. DTCC End User Exemption Form



DDR Annual End
User Exception Form