

(to be sent through email to [Benchmarksconsultationresponse@IOSCO.org](mailto:benchmarksconsultationresponse@IOSCO.org))

8 February 2013

Mr. David Wright

Secretary General

International Organization of Securities Commissions (IOSCO)

Calle Oquendo 12

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Spain

Dear Mr Wright,

Subject: Public Comment on Financial Benchmarks

The Hong Kong Monetary Authority welcomes IOSCO's consultation report on "Financial Benchmarks" and the opportunity to comment on the report.

We agree with the premise that adopting a one-size-fits-all approach in the oversight of benchmark setting activities may not be appropriate given the diversity of benchmarks that exist in the market. The discussion in Chapter 3 provides a useful framework for reviewing the spectrum of regulatory approaches for different benchmarks. We concur with the view that one of the significant considerations in deciding on the form and intensity of regulatory oversight is the economic impact of the benchmark in question. The HKMA also agrees that transparency of the benchmark fixing process, independence of the benchmark administrator, proper controls and governance at administrator and submitting institution levels are crucial for ensuring a robust fixing mechanism.

The report notes that a representative submitting panel is crucial to a benchmark's credibility. In this regard, we note that recent developments and attention over benchmark fixing activities could have discouraged financial institutions' voluntary participation in the submitting panel. It is therefore important for the international community to keep under review these developments and address this issue if necessary.

In Hong Kong, we have recently completed a review of the HKD Interest Settlement Rate (more commonly known as the Hong Kong Interbank Offered Rate or HIBOR) and announced a package of measures for enhancing the transparency and robustness of this benchmark's fixing mechanism on 6 February 2013. In approving the package of measures, the HKMA has considered relevant discussions in IOSCO's consultation paper and we would like to share with you the package of measures recently introduced in Hong Kong (<http://www.hkma.gov.hk/eng/key-information/press-releases/2013/20130206-4.shtml>).

Edmond Lau

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