

3rd Quarter 2023 (I)

Wrong submission for HKD HIBOR from a contributing bank (3 July 2023):

- On 3 July 2023, a contributing bank reported that the 2M tenor of HKD HIBOR submission was incorrect due to involving an ineligible transaction in the corroboration process. The correct submission should be 4.95% instead of 4.85%. As a result, there was a difference of 0.00214% (0.214 basis point) to the benchmark outcome. The benchmark was not revised as the incident was reported over an hour post publication and the error was within 3 basis points, which was in line with existing error correction policy.

Remedies:

- The bank conducted a briefing session to review the incident and reminded the submission team of the requirements plus expectations of the benchmark corroboration process.

3rd Quarter 2023 (II)

Wrong submission for HKD HIBOR from a contributing bank (12 July 2023):

- On 12 July 2023, a contributing bank reported that there were wrong submissions on respective O/N, 1W and 2W tenors of HKD HIBOR by using out-dated broker quotations in the corroboration process. The bank then raised a request for re-calculation of HKD HIBOR. The correct rate should be 4.78548% instead of 4.78762% for 1W tenor and 4.82268% instead of 4.82339% for 2W tenor while O/N tenor was unchanged. As a result, there was a difference of 0.214 basis point and 0.071 basis point to the benchmark outcome of 1W and 2W respectively. The error was within 3 basis point threshold. According to the existing error correction policy, only the individual submissions were republished by 12:30 pm and the benchmark was not revised.

Remedies:

- The TMA paid a visit to the bank on 20 July 2023 in order to review the previous incidents and their remediations. Upon the follow-up discussion, the bank agreed to check time stamp during the 4-eye check pre-publication for this incident.

3rd Quarter 2023 (III)

Wrong submission for HKD HIBOR from a contributing bank (24 July 2023):

- On 24 July 2023, a contributing bank reported that the O/N tenor of HKD HIBOR submission was incorrect due to a fat finger error. The correct submission should be 4.67% instead of 4.97%. As a result, there was a difference of 0.00214% (0.214 basis point) to the benchmark outcome. The benchmark was not revised as the incident was reported over an hour post publication and the error was within 3 basis points, which was in line with existing error correction policy.

Remedies:

- The bank agreed to exercise extra attention during the 4-eye check pre-publication.

3rd Quarter 2023 (IV)

Switch to back-up submission process for TMA Spot Rates (26 July 2023):

- On 26 July 2023, there was a discrepancy between the auto-feed and contingency file from a contributor for TMA Spot Rates. The benchmark calculation was switched to manual mode with confirming the trades with the contributor. There were no discrepancies under manual mode for 5 consecutive days from 27 July 2023 to 2 August 2023 and the auto-calculation was resumed on 3 August 2023.

Remedies:

- The root cause was identified to be a one-off IT issue from the Calculation Agent which is solved after its systems are being refreshed.

3rd Quarter 2023 (V)

Wrong submission for HKD HIBOR from a contributing bank (4 August 2023):

- On 4 August 2023, a contributing bank reported that the 1W tenor of HKD HIBOR submission was incorrect due to input error. The correct submission should be 5.05% instead of 5.50%. As a result, there was a difference of 0.00358% (0.358 basis point) to the benchmark outcome. The benchmark was not revised as the error was within 3 basis points, which was in line with existing error correction policy.

Remedies:

- The bank reminded the submission team to pay extra caution in the pre-publication 4-eye check review and to implement extra layers of control on top of the current framework to ensure the accuracy of the submission. The TMA has escalated to the HKMA regarding the repeated incidents being observed from the bank within a year, which was in line with strengthen incident remediation.

3rd Quarter 2023 (VI)

Wrong submission for HKD HIBOR from a contributing bank (15 August 2023):

- On 15 August 2023, a contributing bank reported that the 1W tenor of HKD HIBOR submission was incorrect due to input error. The correct submission should be 4.245% instead of 4.425%. As a result, there was no impact to the benchmark outcome (The highest 3 submissions were trimmed according to the methodology). The benchmark was not revised as the incident was reported over an hour post publication and the error was within 3 basis points, which was in line with existing error correction policy.

Remedies:

- The bank agreed to reiterate the importance of benchmark submission and proper training on the rate submission process to relevant staff, also all benchmark submitters are reminded to pay close attention throughout the benchmark submission process and an additional control check has been introduced to further enhance the reconciliation process to reduce potential for oversight error.

3rd Quarter 2023 (VII)

Switch to back-up submission process for TMA Spot Rates (25 September 2023):

- On 25 September 2023, there was a discrepancy between the auto-feed and contingency file from a contributor for TMA Spot Rates. The benchmark calculation was switched to manual mode with confirming the trades with the contributor. There were no discrepancies under manual mode for 5 consecutive days from 26 September 2023 to 3 October 2023 (2 October 2023 is not a business day) and the auto-calculation was resumed on 4 October 2023.

Remedies:

- The root cause was identified to be a one-off IT issue from the contributor.