

May 27, 2014

Ms. Melissa D. Jurgens
Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

Re: Request for Comment on Review of Swap Data Recordkeeping and Reporting Requirements (79 Fed. Reg. 16689)

Dear Ms. Jurgens,

FIX Trading Community¹ appreciates the opportunity to provide the Commodity Futures Trading Commission (the “**Commission**”) with comments in response to the request for comment referenced above (the “**Comment Request**”). The subject matter of the Comment Request is Part 45 and related provisions of the swap data reporting and SDR rules (“**Part 45**”) which establish swap data recordkeeping rules, as well as rules for the reporting of swap transaction data to a registered swap data repository (“**SDR**”).

Our comments in this letter are limited to responses to question 16 in section III.C.i regarding electronic representation of bespoke transactions, question 23 in section III.C.v, questions 50 and 52 in section III.F.ii regarding SDR required data standards, question 54 in III.C.iii regarding product classification and taxonomies.

In particular, we will describe the ability of the FIX Protocol (“**FIX**”) to meet Part 45 requirements and its capabilities to represent bespoke and complex swap transactions.

III.C. Transaction Types, Entities, and Workflows: Can the Swap Data Reporting Rules be Clarified or Enhanced to Better Accommodate Certain Transactions and Workflows Present in the Swaps Market?

i. Bespoke Transactions (§ 45.3, Appendix 1 to Part 45, and NALs 13-35, and 12-39)

16. Market participants have indicated that they face challenges electronically representing all required data elements for swap transactions because those elements have not yet been incorporated into standard industry representations (e.g., FpML, FIXML). In particular, various market participants have indicated that these challenges impact reporting to SDRs. What is the most efficient methodology or process to standardize the data elements of a bespoke, exotic or

¹ FIX Trading Community is a not-for-profit, industry standards organization that sits at the heart of the global electronic trading community. It is industry-driven, independent and neutral, with a membership that is comprised of over 270 firms from the global financial services industry. The organisation aims to address the business challenges impacting the trading community through the use of standards. Central to these efforts is the continuous development and promotion of the Financial Information eXchange (“**FIX**”) Protocol, the non-proprietary, free and open de-facto messaging standard used for pretrade, trade and post-trade communication globally. It is used in all asset classes including equities, derivatives, foreign exchange and fixed income. FIX is utilized by virtually every major stock exchange and investment bank as well as the world’s largest mutual funds and money managers, and thousands of information technology providers, smaller investment firms and regulatory bodies across the globe.

complex swap, to ensure that all required creation data is electronically represented when reported to the SDR? Do these challenges vary depending on the asset class? If so, how?

Since 2009, the FIXML Trade Capture Report (“TCR”) has been the standard format for trade register reporting to the Commission. The primary mechanism for describing a financial instrument in a TCR is the FIX Instrument Component. In addition to standard financial instruments, the FIX Instrument Component along with the FIX UnderlyingInstrument and FIX InstrumentLeg components are used by market participants to describe complex products including multi-legged listed derivative strategies for equity, rates, credit, other commodity and foreign exchange asset classes. The FIX Specification uses a building-block approach allowing various attributes to be combined when describing a financial instrument. The FIX Specification also allows an unlimited number and variety of instruments to be included in a multi-legged instrument description.

Following the publication of Parts 43 and 45, FIX Trading Community in conjunction with the Futures Industry Association (“FIA”) and its members performed an exhaustive gap analysis to extend the coverage of FIX to include swaps and related instruments in order to meet the reporting requirements for Parts 43 and 45. The FIX Instrument Component now supports swaps for the rates and credit asset classes. The other commodities asset class will be supported in the near term with foreign exchange and equity asset classes to follow.

Because of the flexibility allowed by the FIX Specification, it is possible to represent highly customized, bespoke, exotic and complex swap transactions including package transactions without resorting to attached pdf files containing textual descriptions of a transaction’s terms and conditions. While some in the industry have challenged this assertion, no one has provided an example of a bespoke transaction as a use case to test against. FIX Trading Community welcomes the opportunity to demonstrate the ability of FIX to handle such transactions, or if need be, extend the FIX Specification so that such transactions can be thoroughly represented.

v. Swaps Executed or Cleared on or by FBOTs, No-Action CCPs, QMTFs, and Other Non-Registrants/Exempt Entities (§§ 45.3, 45.4, 45.5, and NALs 14-27, 14-16, 14-07, 13-73, 13-43, 13-33, 12-63, and 12-56)

23. How should data reported to SDRs identify trading venues such as SEFs, DCMs, QMTFs, FBOTs, and any other venue?

The Commission should consider requiring each trading venue to obtain its own ISO Standard 10383 Market Identifier Code (“MIC”). This would provide each venue with a globally recognizable identifier.

III.F. Other SDR and Counterparty Obligations (§§ 45.9, 45.13, 45.14): How Should SDRs and Reporting Entities Ensure That Complete and Accurate Information is Reported to, and Maintained by, SDRs?

ii. **SDR Required Data Standards (§ 45.13)**

50. In addition to data harmonization, how can reporting entities and SDRs improve data quality and standardization across all data elements and asset classes within an SDR? Please provide examples of how the presentation of data may be standardized, utilizing specific data elements.

The FIX Specification calls for the use of accepted industry standards whenever possible. In particular, use of ISO codes are mandated throughout the FIX Specification when they exist. In addition to the Legal Entity Identifier (“**LEI**”), FIX uses the ISO Standard 10383 Market Identifier Code (“**MIC**”) to identify trading venues, as well as ISO standards for country and currency identification. FIX also supports use of ISO Standard 10962, the Classification of Financial Instruments (“**CFI**”) code to identify financial instruments when possible.

Additionally, the FIX Specification uses enumerated data types to define many values in a message. The use of enumerated data types removes any ambiguity about the values intended by the reporting entity and reduces the possibility for incorrect values being provided. For example, FIX uses the following values to define optional provisions for a swap:

- 0 = Mandatory early termination
- 1 = Optional early termination
- 2 = Cancelable
- 3 = Extendible

FIX Trading Community would be happy to provide the Commission with a complete list of enumerations at its request.

52. Are there additional existing swaps data standards (other than the legal entity identifier (“LEI”), unique product identifier (“UPI”) and USI) that the Commission should consider requiring as part of any effort to harmonize SDR data with both domestic and foreign regulators?

Working Group 6 of Sub Committee 4 of Technical Committee 68 of the International Standards Organization (ISO/TC 68/SC 4/WG 6) earlier this year convened a working group to expand ISO Standard 10962, the Classification of Financial Instruments (“**CFI**”) code to include swaps, exotic options and forwards. Participants in this working group include FIX Trading Community, the International Swaps and Derivatives Association (“**ISDA**”), exchanges and data providers as well as the U.S. Treasury’s Office of Financial Research (“**OFR**”). The work of this group is also regularly reviewed by the FIA Post Trade Working Group (“**PTWG**”). To date, the CFI working group has created a taxonomy and assigned values for identification of swap, exotic option and forward instruments for the rates, credit, commodities, equities and foreign exchange asset classes. Submission of the CFI working group’s work for approval to be included in the ISO Standard 10962 is expected at the end of June, 2014.

iii. Identifiers (§§ 45.5, 45.6 and 45.7)

54. *What principles should the Commission consider when designating a UPI and product classification system pursuant to § 45.7?*

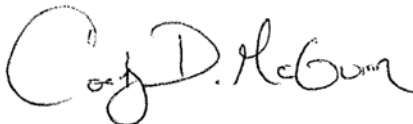
a. *Are there any commonly used taxonomies that the Commission should consider in connection with the designation process? Please respond by asset class.*

In designing its taxonomy for product classification, FIX Trading Community separated the mechanics of the instrument, i.e. swap, option, forward, from the characteristics of the underlying asset, i.e. rate, credit, other commodity, equity, and FX. Using this approach, a product classification consists of the combination of the instrument classification and the asset classification. Some instruments such as total return swaps that can be applied to multiple asset classes, e.g. credit, equity, and other commodity. By keeping the instrument classification separate from the asset classification, innovations in instruments can instantly be applied to multiple asset classes. Conversely, new assets such as biofuels, or newly created indices can immediately be applied to the various instrument classes for which can be underlying assets. With this approach, the organization has been able to meet the needs of the trading community, who primarily are concerned with the instrument, and the needs of regulators and risk managers who need to understand the asset exposure within the traded instrument. FIX Trading Community welcomes the opportunity to present this approach to the Commission.

A similar approach is being taken in creating the taxonomy underlying the ISO Standard 10962 Classification of Financial Instruments code described in the response to question 52.

We thank you for the opportunity to respond to this important request for comment. The FIX Trading Community continues to be an ideal location for gathering industry participants to develop standard implementation approaches for industry requirements, including regulatory requirements. FIX provides an open environment for industry collaboration for all interested parties. The FIX community maintains that it is in the best interests of all participants to develop and use standards to reduce overall costs, lower implementation risk and shorten time to implementation.

Sincerely,



Courtney Doyle McGuinn
Operations Director
FIX Trading Community