

VIA CFTC web site:

<http://comments.cftc.gov>

Melissa D. Jurgens, Secretary
Commodity Futures Trading Commission
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RE: Request for Comment on Part 45 and Related Provisions of the Commission's Swap Data Reporting Rules, RIN 3038-AE12

Dear Secretary Jurgens:

I. INTRODUCTION

Swiss Re Corporate Solutions Global Markets Inc. ("SRCSGM") appreciates the opportunity to provide comments in response to the March 26, 2014, *Federal Register* notice¹ requesting comment on Part 45 and other related provisions of the Commodity Futures Trading Commission's (the "Commission") swap data reporting rules.

For purposes of reporting, SRCSGM is a financial entity and may be required to be the reporting party for swaps unless the counterparty that it is facing is a U.S. swap dealer.

Swiss Re is a global reinsurance group held by Swiss Re Ltd in Zurich, Switzerland and listed on the Swiss SIX Exchange. The company has been doing business in the United States since 1893 and has helped the U.S. rebuild after every major catastrophe since the 1906 earthquake. Swiss Re transacts in OTC derivatives on a global basis, including through a U.S. subsidiary, SRCSGM. Swiss Re is supervised on a consolidated basis by the Swiss Financial Markets Supervisory Authority, and is subject to regulation in many other jurisdictions throughout the world.

As a global reinsurance company, Swiss Re offers various types of customized risk management products to its clients.² While the vast majority of Swiss Re's business involves reinsurance and

¹ Review of Swap Data Recordkeeping and Reporting Requirements, 79 *Fed. Reg.* 1669 (March 26, 2014).

² Swiss Re is a leading and diversified global reinsurer with offices in more than 20 countries. Swiss Re offers a comprehensive range of reinsurance and insurance solutions to manage risk and capital. Its traditional reinsurance products and related services for property and casualty, together with its life and health business, are complemented by insurance risk-based capital markets solutions and supplementary services for comprehensive risk management.

insurance products, some of the products SRCSGM deals in may take the form of OTC derivatives. These derivatives provide buyers protection against the types of risks that underlie potential reinsurance or insurance claims and can be classified into three basic categories: (1) natural catastrophe derivatives, (2) mortality derivatives, and (3) environmental-commodity derivatives (collectively, “Insurance-Linked Derivatives” or “ILDs”). The underlying risks referenced in an ILD may consist of natural parameters, such as wind speeds, earthquake shake intensities, daily temperatures or rainfalls amounts, or large scale events, such as mortality rates of defined population sets, or indices of insurance industry-wide losses.

II. RESPONSE TO QUESTIONS

Question 1

What information should be reported to an SDR as confirmation data? Please include specific data elements and any necessary definitions of such elements.

Only the basic economics regarding the swap should be reported to an SDR. Some suggested fields are as follows:

Action
Transaction Type
USI Prefix
USI Value
Primary Asset Class
Mandatory Clearing Indicator
Product ID Prefix
Product ID Value
Trade Party 1 Prefix
Trade Party 1 Value
Trade Party 2 Prefix
Trade Party 2 Value
Data Submitter Prefix
Data Submitter Value
Submitted For Prefix
Submitted For Value
Trade Party 1 Transaction Id
Execution Timestamp
Execution Venue
As of Date Time
Trade Date
leg 1 payer
leg 2 payer
Effective Date - leg 1
Termination Date (unadjusted) - leg 1
Effective Date - leg 2
Termination Date (unadjusted) - leg 2

Notional Currency - leg 1
Notional Amount - leg 1 or Notional Amount (FRA)
Fixed Rate (initial) - leg 1
Settlement Currency (stream 1)
Settlement Currency (stream 2)
Notional Currency - leg
Notional Amount - leg 2
Floating Rate Index - leg 2
Additional Payment payer
Additional Payment receiver
Additional Payment Amount
Additional Payment currency
Additional Payment payment date
Intragroup
UTI Prefix:UTI

Question 2

Should the confirmation data reported to an SDR regarding cleared swaps be different from the confirmation data reported to an SDR regarding uncleared swaps? If so, how?

As these swaps are cleared at a registered CCP; supplying the cleared USI number should suffice. We believe the SDRs should be able to extract the data from the repositories alleviating the burden on smaller financial institutions.

Question 4

More generally, please describe any operational, technological, or other challenges faced in reporting confirmation data to an SDR.

From an operational perspective, the level of granularity required for reporting seems to be excessive relative to the benefits. For instance the reporting of roll dates and day count fractions has no bearing on the materiality of most swaps which we transact. Reporting this level of information is both time consuming and difficult.

Question 7(a)

Are there events or information that can be represented more effectively using one of the reporting methods rather than the other?

Currently, SDRs are only capable of doing snapshot reporting which keeps iterations intact but does not allow itself to transparency. For instance, if a trade has multiple modifications, only the last modification is currently available for one to review. Whereas, if an SDR was able to do life cycle reporting, it would provide a much better audit history of the swap and all prior events and modifications would be viewable.

Question 7(b)

Should all SDRs be required to accept both the snapshot and life cycle methods for reporting continuation data?

Yes.

Question 8(b)

What challenges and benefits are associated with unregistered swap counterparties (both financial entities and non-financial entities) reporting valuation data for uncleared swaps to SDRs on a quarterly basis?

The primary challenge for an unregistered swap counterparty is the additional ad hoc work required to report valuation data. For instance, our data is currently housed in multiple systems internally, and as a result, there are operational inefficiencies.

Question 9

Please: (i) identify and (ii) describe the complete range of events that can occur in the life of a swap. Please also address whether, and if so how, reporting entities should report each such event.

The current range of swap events that we believe should be reported are as follows:

New (Original Swap Booking);
Modify (Amend made to the swap, life cycle or other);
Increase (Notional Upsize);
Partial Termination (Partial Unwind);
Full Termination (Position Removed);
Cancel (Trade Entered In Error).

Question 9(a)

How should events in the life of a swap be represented in SDR data? For example, should an “event type” identifier, as well as a description of the specific event, be required?

Currently the SDR does not allow for the above referenced level of granularity, making it very difficult to process. Multiple messages are needed for each individual life cycle event.

Question 10

Can swap data reporting be enhanced so that the current state of a swap in an SDR (e.g., open, cancelled, terminated, or reached maturity) can be determined more efficiently and, if so, how?

Yes, swap data reporting can be enhanced by changing the current method by which SDRs report historical trade data. The SDR would provide a report of both matured trades and exited trades which would indicate both the last event action with respect to the trade and the relevant maturity or exit date.

Question 12

Commission regulation 45.8 establishes a process for determining which counterparty to a swap shall be the reporting counterparty. Taking into account statutory requirements, including the reporting hierarchy in CEA section 4r(a)(3),²⁹ what challenges arise upon the occurrence of a change in a reporting counterparty's status, such as a change in the counterparty's registration status? In such circumstances, what regulatory approach best promotes uninterrupted and accurate reporting to an SDR?

When registering for a Legal Entity Identifier ("LEI") the institution should indicate their reporting status which should be made available to the public.

Question 24

In order to understand affiliate relationships and the combined positions of an affiliated group of companies, should reporting counterparties report and identify (and SDRs maintain) information regarding inter-affiliate relationships? Should that reporting be separate from, or in addition to, Level 2 reference data set forth in Commission regulation 45.6?³⁷ If so, how?

No.

Question 28

Please describe any challenges (including technological, logistical or operational) associated with the reporting of required data fields, including, but not limited to: a. Cleared status; b. Collateralization; c. Execution timestamp; d. Notional value; e. U.S. person status; and f. Registration status or categorization under the CEA (e.g., SD, MSP, financial entity).

- (a) Cleared Status - Timing of reporting, as clearing is not always completed on Trade Date;
- (b) Collateralization – Collateral information is housed in separate internal systems which will cause delays in file generation;
- (c) Execution Timestamp – Execution of trade time versus actual booking time;
- (d) Notional Value – N/A;
- (e/f) U.S. Person Status/Registration Status - LEI status should be more robust which would make this information irrelevant.

Question 30

Have reporting entities been unable to report to an SDR terms or products that they believe are required under part 45 or related provisions? If so, please generally describe the data elements and/or products involved.

SDR files do not currently possess the granularity needed for all types of required transactions. From an SDR terms perspective, some of the files don't allow one to indicate the correct action of the trade (e.g. one cannot indicate a partial termination). From a products perspective, there should be an increased level of granularity in the commodity asset classes with respect to the various templates (e.g. catastrophe swaps).

Question 43

The Commission requests comment that addresses whether reporting entities face challenges with respect to complete and accurate swap data reporting.

Yes, we do face challenges as most systems have limitations on reporting swap specific information as well as counterparty and entity specific data.

Question 45

Should third-party service providers that report part 45 data to SDRs on behalf of reporting entities be required to register with the Commission?

No.

Question 48

All data in an SDR must be current and accurate, and the Commission expects SDRs, counterparties, and registered entities to take proactive steps to ensure data accuracy. Are there challenges that a reporting entity faces in confirming data accuracy? If so, how can those challenges most effectively be addressed?

Once uploaded, the SDR should be responsible for reconciliations between what is alleged versus what is stored. Too often the files which are loaded by reporting entities do not match the actual holdings. This should be an issue for the SDRs to address.

Question 49

If an error or omission is discovered in the data reported to an SDR, what remedies and systems should be in place to correct the data? Within what time frame should a reporting entity be required to identify an error in previously reported data and submit corrected information to an SDR?

If an omission is present, then the SDR should reject the message and the reporting entity should re-upload the data. If there is an error, a 24 hour window should be allotted to remedy the error by the reporting party.

Question 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.

If the presentation of data was standardized across all SDRs, and uniformed templates were provided, this would remove unnecessary and immaterial data elements which would increase operational efficiencies.

Question 53

Please explain your experiences and any challenges associated with obtaining and maintaining an LEI.

One of the primary challenges has been the re-registration of an entity's LEI. Also, when one enters an incorrect LEI for trade party two (our counterparty), the LEI is accepted by the SDR, whereas the SDR should actually reject the submission of an incorrect or non-valid LEI.

Question 55

Please explain your experiences and any challenges associated with the creation, transmission and reporting of USIs.

We have not experienced any challenges with the creation, transmission and reporting of USIs.

Question 56

Should the Commission require an SDR to aggregate the number of transactions by an entity, and the aggregate notional value of those transactions, to reflect the entity's total swap position and its total swap activity during a given period (e.g., for purposes of monitoring the SD de minimize calculation)?

No.

Question 60

Are there data elements that should be reported on a transaction basis to identify the linkage between a swap transaction and a reporting counterparty's other positions in products regulated by the Commission?

No.

Question 62

How can the Commission best aggregate data across multiple trade repositories (including registered SDRs)?

The Commission may want to consider extracting information from multiple trade repositories based on LEI.

III. CONCLUSION

Once again, SRCSGM thanks the Commission for this opportunity to participate in this public comment process. Please let us know if you have any questions or would like any additional information.

Yours sincerely,

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