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October 30, 2015

**Comments on the Proposed Rules: *Amendments to Swap Data Recordkeeping and Reporting Requirements for Cleared Swaps*,  
issued by the Commodity Futures Trading Commission**

Japanese Bankers Association

We, the Japanese Bankers Association (“JBA”), would like to express our gratitude for this opportunity to comment on the proposed rules: *Amendments to Swap Data Recordkeeping and Reporting Requirements for Cleared Swaps* (RIN 3038–AE12), issued on August 31, 2015 by the Commodity Futures Trading Commission (“CFTC”). We respectfully expect that the following comments will contribute to your further discussion.

**1. Choice of SDR (p.52550, p.52574)**

For swaps that are executed on the Swap Execution Facilities (“SEF”) and are not cleared by a derivatives clearing organization, a reporting party (a party with reporting obligation) of continuation data (such as snapshot and valuation reporting of existing transactions) should be empowered to choose a Swap Data Repository (“SDR”) to which data is reported, instead of requiring SEF to choose an SDR.

The proposed rules set forth that, for swaps that are executed on the SEF, the SEF which is in the upstream of the transaction shall choose an SDR. However, the SEF only reports creation data for the original swap. On the other hand, when a transaction executed on the SEF is not cleared by a derivatives clearing organization, the reporting party needs to report continuation data (snapshot and valuation reporting of exiting transactions) for a long period until the termination of transactions.

Under the CFTC requirements, creation data for original swaps and continuation data for existing transactions are required to be reported to the same SDR. Most of market participants use the Depository Trust & Clearing Corporation (“DTCC”) as their SDR, whereas SEFs may make reports to an SDR operated by their affiliate, other than the DTCC. Given this, the reporting parties should be empowered to select an SDR in order to ensure a level playing field among SDRs and to respect the intention of reporting parties which submit transaction reporting over a long period.

**2. PET Data Fields (p.52558, pp.52578~52585)**

For addition of new data fields to Primary Economic Terms (“PET”), it is requested to give consideration to grant sufficient lead time before implementing the new rules in order to ensure time necessary for systems developments.

**3. Our responses to questions raised in the proposed rules**

Our comments on the questions 18, 20, 32 and 34 from those raised in the proposed rules are specified below. We would highly appreciate it if you take them into consideration.

**○p.52553 / Question (18)**

What value, if any, would the Commission gain by receiving clearing swap valuation data from SD/MSP reporting counterparties?

(Comment)

We agree with the proposed amendments by the CFTC.

The proposed amendments that impose reporting obligations only on derivatives clearing organizations (DCOs) would reduce operational burden placed on Swap Dealers (SDs) and Major Swap Participants (MSPs) which are subjected to such obligations under the current rules. Overall, this would lead to a more efficient structure.

**○p.52553 / Question (20)**

Should the Commission require original swap terminations to be reported as soon as technologically practicable after termination of an original swap?

(Comment)

We believe that original swap terminations should be reported to regulators as soon as technologically practicable. Additionally, it is requested to align this requirement with the requirement under the CFTC regulation 1.74 in the future to ensure market transparency and efficiency.

**○p.52559 / Question (32)**

Will reporting any of the new or revised data categories and fields result in any operational or technological challenges? If so, please explain.

(Comment)

The new or revised data categories and fields would result in increasing operational burden for most of market participants.

Terminology and definitions used in the markets may not always be consistent with those proposed by the CFTC. Categorization of transaction based on specific terminology and definition should place a significant burden particularly on small-sized market participants (entities subject to reporting).

**Op.52559 / Question (34)**

Are the newly proposed and revised PET data fields included in appendix 1, including the PET data therein, sufficiently clear? If not, please explain.
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(Comment)

PET data fields (credit, equity, FX, rates and commodity) defined in the proposed rules are not sufficiently clear, and may cause significant confusion to entities subject to reporting.

In particular, the categorization of hybrid instruments is difficult because, for example, swaps with multiple underlying assets may have its own market conventions and may not fall under the categories in the proposed rules.