LedgerX

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October 30, 2015

Mr. Chris Kirkpatrick
Secretary of the Commission
U.S. Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

Re: Amendments to Swap Data Recordkeeping and Reporting Requirements for Cleared Swaps – 17 CFR Part 45

Dear Mr. Kirkpatrick:

LedgerX LLC ("**LedgerX**") welcomes the opportunity to comment on the proposed rules - *Amendments to Swap Data Recordkeeping and Reporting Requirements for Cleared Swaps*, issued August 2015 (the "**Proposed Rules**").

LedgerX is a company based in New York that has applied to become a federally registered and regulated derivatives exchange and clearing organization for derivatives on digital currency products (*e.g.*, options and swaps based on digital currencies such as Bitcoin). LedgerX was created to offer merchants, financial institutions and liquidity providers a solution for managing market exposure in digital currencies through the use of federally regulated, exchange-traded and centrally-cleared derivatives products. LedgerX has submitted applications with the U.S. Commodity Futures Trading Commission ("**CFTC**" or "**Commission**") to become registered as a swap execution facility ("**SEF**") and a derivatives clearing organization ("**DCO**"). The CFTC granted LedgerX its temporary registration as a SEF on September 8, 2015 and the LedgerX DCO application continues to be under review.

I. General Comments

Ledger X supports the Commission's efforts to provide clarity and efficiency to the original legislation concerning reporting requirements.

In the spirit of efficiency and eliminating the risk of duplicative and confusing reported data, LedgerX recommends that the final rules permit for DCOs to select its swap data repository ("**SDR**"), and not require DCOs to report any termination or continuation data to any other SDRs (*i.e.*, SDR A in the Commissions examples used in the preamble to the Proposed Rules). There is little reason for a DCO to report continuation data to the same SDR that the original trade was reported to. The reporting of life-cycle data of the original swap (*e.g.*, swap termination) to the original SDR is more appropriately the responsibility of the SEF, designated contract market

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("**DCM**") or original reporting counterparty that reporting the creation data of the swap, as such entity would already have the data link to the original SDR, and would be in the best position to submit this data as fast as technologically practicable. It would only be a matter of adding a few additional data points following the creation data. In addition, the reporter of original swap creation data would receive messages back from its SDR and thus would be able to respond and connect regarding further life cycle data in a much more timely manner.

It's also unnecessary to require a DCO to report data to the original swap data SDR, because the method discussed above would not create any reporting gaps. All of the data can be followed using the unique swap identifier ("**USI**") and the legal entity identifiers ("**LEI**"). USIs and LEIs provided by DCOs and exchanges will link clearing data to exchange-reported swaps data sitting in other SDRs. This linking, or "join" in data analytics terminology, will eliminate inconsistencies in DCO reporting, enabling the Commission to more easily conduct data analytics on reported clearing data.

Multiple reportings from multiple entities also will likely lead to errors, confusion and duplicative data that must be eliminated or disregarded by Commission and SDR staff. Different SDRs have different field name-to-value mappings, and different SEFs/DCMs have different mappings to those mappings. Having any central party manage many SEFs'/DCMs' implementations of this three-layer mapping is error-prone and likely will result in inconsistencies in data that the DCOs report to SDRs. It may lead to a real struggle for CFTC staff to resolve these inevitable inconsistencies. Please see the attached diagram reflecting the potential issues with the multiple reporting paths (Attachment A to these comments).

In addition, connecting to a SDR is a significant undertaking. Since the DCO will not be on the original "message", getting linked up as necessary will require massive technical changes for each DCO. Each integration between one SDR and a DCO would be a multi-month and potentially costly project. Each SDR and each SEF/DCM/swap dealer or other reporting counterparty has differing technology and reporting fields that the DCO will have to navigate. Given the more reasonable and efficient alternatives, this seems to be an unnecessary cost and drain on DCO resources.

Because of the cost and burden, and because connecting the same incoming data stream to multiple SDRs likely will result in inconsistent reporting, LedgerX recommends that DCOs should simply be required to report to a single SDR, and the creation data reporter should be required to report all data related to the creation data to its own SDR. It will lead to a better result for the CFTC as linking the data via the USIs will be easier on both the DCOs and on the Commission's technical and reporting staff working to process and analyze the data.

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II. Specific Question Responses

A. Question 12

Question 12 asks whether another entity, other than that with the reporting obligation, should be able to choose the SDR. Our response is a definitive no. As stated above, it is neither a simple nor quick process to connect with a SDR. The data points have to be carefully planned and tested. Only the entity with the reporting obligation should be able to select the SDR it uses.

B. Question 20

Question 20 inquires whether the original swap terminations should be reported as soon as technologically practicable after termination of the original swap. LedgerX recommends that they should, but that the reporter of the original swap data is in the best position to do so. If, for example, a SEF has a product listed that is cleared with a specific DCO, the SEF can arrange reporting fields and messaging with its SDR where as part of reporting transactions in that product, it is able to report the original swap data, and then immediately send the swap termination/extinguishing notice, indicating that the swap will be cleared and where. Then the DCO will be able to report the beta and gamma swaps with the appropriate USI and all of the data related to the life cycle of such swap and clearing swaps will be quickly reported and linked.

C. Question 23

Question 23 asks whether a DCO would have the information necessary at the time of submission for clearing in order to report continuation data. It will not be an issue for the LedgerX DCO to collect the appropriate information from a SEF or DCM. LedgerX would change fields in its interface in order to collect all of the appropriate data, as necessary. This is a relatively simple and quick programming matter that can be handled on its own platform. The DCO will be able to report all of the data necessary for the clearing swap. However, as stated above, it is burdensome, inefficient, unnecessary and a potential time-delay in reporting to require the DCO to report the termination or other continuation data for the original swap to any other SDR than its own SDR and can lead to errors and/or duplicative data.

D. Question 38

LedgerX does not plan on using an agent to report clearing swaps to an SDR. LedgerX has designed and engineered its own systems. It has invested significant time in integrating with its SDR. LedgerX appreciates the flexibility it has to make changes to fields and systems quickly by working with its SDR's staff. While some DCOs may choose to use an agent, LedgerX sees it as additional potential for data inconsistencies. Given that there may be multiple paths to SDR reporting, LedgerX requests that the Commission keep in mind the various multiple technology

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solutions and data points when finalizing the Proposed Rules.

* * *

We respectfully request that the Commission take our comments into consideration when it adopts final regulations. Thank you for giving LedgerX the opportunity to comment on the Proposed Rules. Should you have any questions regarding our comments, please contact the undersigned at 914-214-9215 or Kari@LedgerX.com.

Respectfully submitted,

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ATTACHMENT A

Diagram