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March 7, 2016

Mr. Christopher Kirkpatrick
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street NW.
Washington, DC 20581

Re: *Comments on Draft Technical Specifications for Certain Swap Data Elements (December 22, 2015)*

Dear Mr. Kirkpatrick:

Tradeweb Markets LLC ("**Tradeweb**") welcomes the opportunity to provide comments to the Commodity Futures Trading Commission ("**Commission**" or "**CFTC**") regarding draft technical specifications for certain swap data elements (the "**Draft Technical Specifications**").¹

Since 1998, Tradeweb has offered electronic trading systems for fixed income investors in the United States and abroad, and has played an important role in providing greater transparency in and improving the efficiency of the trading of fixed income securities and derivatives. Indeed, Tradeweb has been at the forefront of creating electronic trading solutions which support price transparency and reduce systemic risk, which are the hallmarks of Title VII of The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**");² accordingly, Tradeweb is supportive of the Dodd-Frank Act and its stated policy objectives relating to Title VII. Tradeweb also has been an active participant in the ongoing public debate around swap execution facilities ("**SEFs**"), how best to bring greater transparency and accountability to the derivatives market, and the implementation of Title VII of the Dodd-Frank Act. Tradeweb has two SEFs that were granted permanent registration on January 22, 2016 – TW SEF LLC and DW SEF LLC. Tradeweb's SEFs report swap data to swap data repositories ("**SDRs**") on a daily basis. Therefore, Tradeweb brings a frontline perspective to the issues raised by the Draft Technical Specifications.

Tradeweb strongly supports the policy goals of the CFTC's existing swap data reporting regime, and believes that pre-trade and post-trade transparency are important components of that regime. Tradeweb supports the ultimate policy goal of establishing specifications to standardize existing data to allow the CFTC to better comprehend and analyze the swap markets. However, the introduction of new data elements should be carefully considered. The incremental burden of new data elements may be significant in comparison to the benefits received by the CFTC and the swaps market, and requires further analysis and input from market participants. As discussed below, Tradeweb believes that the CFTC should engage in dialogue with market participants, potentially either through proposed rulemakings or direct discussions, before adopting any technical specifications with respect to reported swap data. In

¹ Draft Technical Specifications for Certain Swap Data Elements, a Request for Comment by Staff of the U.S. Commodity Futures Trading Commission, at <http://www.cftc.gov/idc/groups/public/@newsroom/documents/file/specificationsswapdata122215.pdf>.

² Pub. L. 111-203, 124 Stat. 1376 (2010).

Section I., we discuss our concerns related to the introduction of new reportable data elements and in Section II., we discuss the potentially high costs of such new reporting obligations.

I. The Commission should engage in active discussion with market participants to determine the appropriateness of adding new reportable data elements

While Tradeweb supports the standardization of existing data elements that are already reported, we believe that the CFTC should carefully consider the ramifications and concerns related to adding new data elements before adopting any such specifications. We also recommend that any adoption of new data element specifications be subject to the full rulemaking process to allow for additional review and comment by market participants.

First, we believe that the CFTC should evaluate what new data elements it requires after it has had the opportunity to properly analyze a standardized form of the existing data elements and the related implementation for any changes to existing data elements. In particular, the introduction of new data elements with respect to order details on SEFs and DCMs would represent a significant expansion in the reporting obligations of these trading venues. Without discussion with SEFs and other market participants, the use of such untested data elements could create a very burdensome compliance obligation, and could lead to further discrepancies and data reporting errors. The Commission should postpone the adoption of data specifications with respect to orders at the present time pending further analysis and comment from SEFs. Furthermore, we believe that this postponement does not necessarily pose regulatory risks with respect to the collection of incomplete data, since SEFs are already required to maintain complete audit trail data under CFTC Regulation 37.205, which the SEFs analyze on a daily basis by the SEF itself or its regulatory services provider.

Second, we believe that it is appropriate to have more active discussion with industry prior to adopting any new data elements in general, to ensure that the standardization both accurately expresses relevant information, and reflects the diversity of the values of such data elements. As an example, Tradeweb understands that the CFTC seeks additional information with respect to Package Transactions in order to produce modifications or additions to entered data.³ We recommend that the Commission carefully study such proposed modifications or additions in collaboration with market participants -- such as with direct discussions or, if appropriate, in roundtables -- before adopting such specifications. This is particularly important given the issues that Package Transactions have created necessitating CFTC staff no-action relief. The CFTC should be very reluctant to levy new regulatory requirements that must immediately be deferred because of implementation issues which could have been explored during the rulemaking process.

Third, with respect to each data element, the Commission must strike the proper balance between the level of detail that is requested for a given data element versus the usefulness of the collection of such data. Data elements that offer market participants multiple responses or non-standardized, free form text data entry will result in a loss of usefulness and fidelity in the reported data. If there are too many allowable values or the allowable values do not adequately reflect the diversity of values in a given data element, the process of data entry will become burdensome, and may even result in errors in reported data.

³ See Draft Technical Specifications for Certain Swap Data Elements, pp. 26-27.

Fourth, the Commission should avoid creating inconsistency with international data standards. Therefore, the Commission should solicit input from, and coordinate with, international regulators that also are grappling with data element standardizations in swap reporting. To that end, the CFTC should await the finalization of these international standards before finalizing the data elements discussed in the Draft Technical Specifications (or a related rulemaking). To that end, Tradeweb recommends that the CFTC also solicit commentary from and otherwise discuss its data standardization initiative with international regulators.⁴

II. The Commission should consider the high costs associated with the addition of new reportable data elements

The adoption of clarifications to existing data elements will allow the Commission to continue to fulfill its regulatory mandates with respect to risk mitigation, monitoring and market abuse prevention. However, the Commission should consider the cost of adding new data elements (which may be significant) in addition to the benefit that it receives from such additional information.

Certain data elements may lead to complications in onboarding procedures for SEFs. SEFs like Tradeweb may be required to collect more information on entities “related to a swap transaction” such as the “Ultimate Parent” or “Ultimate Guarantor” during the onboarding process of market participants. Without an express legal mandate to do so, certain market participants may refuse to disclose the identity of these entities to the SEF, thereby unduly delaying the SEFs’ onboarding processes and possibly leading to market disruption. In addition, given the complex nature of legal entity families, SEFs will implicitly bear the cost of explaining the meaning of such terms to swap counterparties during the onboarding process and developing costly technology solutions to code this information into the messages sent to SDRs. Such costs should be considered when evaluating the utility of new data element specifications. We believe that with respect to this and any other new data elements, SDRs could play a role in collection, if necessary. Given that SDRs are the ultimate recipients of reported data, they are uniquely positioned to be the lowest-cost executors of any data collection initiatives and data translation from disparate data sets to decoded and formatted data sets.

III. The Commission should engage directly with market participants in an appropriate forum regarding the addition of new reportable data elements

As a leading technology firm, Tradeweb supports CFTC policies and rules designed to ensure well-regulated markets with greater market transparency. Nevertheless, the Draft Technical Specifications should be carefully considered by the Commission, in dialogue with market participants to whom these rules would potentially apply; particularly because the rules could prove to be burdensome and costly, while providing limited benefit. We urge the Commission to set up a roundtable or working group for SEFs – or some other appropriate forum, such as a reconstituted Subcommittee on Data Standardization

⁴ See also Keynote Remarks of Chairman Timothy Massad before the Futures Industry Association Futures and Options Expo (November 4, 2015), at <http://www.cftc.gov/PressRoom/SpeechesTestimony/opamassad-33> (stating that the Commission is “leading an international effort to address data harmonization initiatives...”).

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to the Technology Advisory Committee⁵ – to solicit discussion on the nature and scope of such specifications.

IV. Conclusion

Tradeweb understands that the Commission has the difficult task of balancing its own underlying regulatory concerns with concerns about the imposition of additional cost on industry participants. We believe that certain practical considerations related to the Draft Technical Specifications we have highlighted above will allow the Commission to eventually adopt policies that allow the Commission to continue to fulfill its regulatory mandate, while avoiding the possibility of disruption to the existing market. Tradeweb would also be available to participate in the roundtables, working groups or committees, as discussed above.

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If you have any questions concerning our comments, please feel free to contact the undersigned. Tradeweb welcomes the opportunity to discuss these issues further with the Commission and its staff.

Respectfully submitted,



Douglas Friedman
General Counsel

cc: Honorable Timothy Massad, Chairman
Honorable Sharon Bowen, Commissioner
Honorable J. Christopher Giancarlo, Commissioner

⁵ Press Release, “CFTC Announces Members of the Technology Advisory Subcommittee on Data Standardization” at <http://www.cftc.gov/PressRoom/PressReleases/pr6056-11>.