



55 WATER STREET  
NEW YORK, NY 10041-0099

TEL: 1-212-855-2670  
*McCollazo@dtcc.com*

March 7, 2016

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

Re: Comments on Draft Technical Specifications for Certain Swap Data Elements

Dear Mr. Kirkpatrick,

The Depository Trust & Clearing Corporation,<sup>1</sup> in conjunction with its provisionally registered swap data repository (“SDR”), DTCC Data Repository (U.S.) LLC (“DDR”) (together, “DTCC”), submits this letter to the U.S. Commodity Futures Trading Commission’s (“CFTC” or “Commission”) Division of Market Oversight and Office of Data and Technology (“ODT”) in response to the request for comment regarding draft technical specifications for certain swap data elements.

DTCC understands the CFTC’s focus on improving data quality and agrees that providing consistent, high quality data, which allows regulators to have enhanced transparency into the marketplace to assist with systemic risk identification and crisis prevention efforts, is a critical goal. DTCC looks forward to continuing to work with the CFTC towards that goal and welcomes the opportunity to offer comments.

DTCC was pleased to participate in the recent Technology Advisory Committee (“TAC”) meeting and was encouraged to hear that efforts by policymaking bodies – such as the Committee on Payments and Market Infrastructures (“CPMI”) and the International Organization of Securities Commissions (“IOSCO”) – are being considered as part of the CFTC’s data harmonization focus. DTCC cautions that it is critical for policymakers to ensure that guidance issued by CPMI-IOSCO is adopted and implemented by regulatory bodies globally in a consistent and harmonized manner. As an immediate next step, DTCC recommends resumption of the CFTC Data Harmonization Subcommittee Working Group to provide the CFTC and CPMI-IOSCO with necessary analysis and insight as data standardization initiatives are contemplated.

DTCC has provided regulated trade repository services since the commencement of CFTC swap data reporting in October 2012. DTCC’s Global Trade Repository (“GTR”) service supports reporting

---

<sup>1</sup> DTCC provides critical infrastructure to serve all participants in the financial industry, including investors, commercial end-users, broker-dealers, banks, insurance carriers, and mutual funds. DTCC operates as a cooperative that is owned collectively by its users and governed by a diverse Board of Directors. DTCC’s governance structure includes more than 300 shareholders.

across all five major derivatives asset classes – credit, interest rate, equity, foreign exchange and commodity – in addition to exchange traded derivatives in nine jurisdictions throughout 33 countries.<sup>2</sup> We serve a client base of more than 5,000 firms and report data for more than 100,000 entities globally.

In addition to providing responses to the CFTC’s specific questions contained in the request for comment, which are set forth in the attached Appendix, DTCC has identified broad themes that we recommend the CFTC take into account as it considers swap data elements. DTCC welcomes the opportunity to further discuss these comments and to provide additional recommendations related to swap data reporting and recordkeeping.

### *1. Improving Existing Data Elements and Adhering to Market Conventions*

DTCC understands the CFTC’s focus on identifying areas for further standardization or clarification, and consideration of critical data elements and areas of reporting challenges. As the CFTC continues its efforts, DTCC strongly encourages that the focus be narrowed to address data quality issues related to existing key data elements before introducing new elements. DTCC believes that these efforts need to be aligned with current industry practices and existing market conventions.

In fact, by contemplating the addition of new data elements as opposed to advancing existing data quality efforts, the proposed technical specifications may unintentionally hinder improvement efforts by moving away from current market conventions and injecting complexity into the process.

In the draft technical specifications, DTCC notes that a number of new data elements are proposed for information that can easily be derived from data elements already in use under current reporting guidelines. For example, with a cleared trade the trading counterparty currently indicates the clearinghouse, which renders the proposed “Clearing” Event Type unnecessary. DTCC strongly cautions against introducing further complexity – which dilutes data quality – by requiring new data elements that are redundant.

DTCC also notes that certain proposed changes to key data elements do not reflect current market reporting systems. As a result, information required to populate the proposed values is not readily available to reporting parties, who then may submit inaccurate or incomplete data for those elements.

To help mitigate the aforementioned concerns, DTCC recommends that the CFTC (1) narrow its focus on core data elements; (2) refrain from introducing duplicative fields; and (3) provide SDRs with the ability to reject poor quality data if provided by market participants. Allowing SDRs to reject data would introduce certainty for both the CFTC and data submitters by immediately drawing attention to issues with reported data. DTCC notes that the industry has experienced positive results with such an approach when prescribed by a non-U.S. regulator.

---

<sup>2</sup> DTCC’s GTR service supports data reporting in various jurisdictions, including the United States, Australia, Europe, Japan, Singapore, Hong Kong and three provinces in Canada.

## 2. Ensuring Global Alignment for Global Data Aggregation

Data standardization across repositories and jurisdictions – a precursor to effective global data sharing – is critical to fully capitalize on the benefits of the over-the-counter (“OTC”) derivatives data being collected. However, the absence of industry standards and lack of regulatory harmonization has hampered the ability to effectively aggregate data and has contributed to diluted data quality. The collection of data, without the ability for regulators to turn it into meaningful analytical information, falls significantly short of the Group of 20 (“G20”) goals outlined in the 2009 Pittsburgh Summit.

Increased and sustained collaboration is necessary to establish consistent standards and alignment, and DTCC is encouraged by recent international efforts to progress data standardization initiatives. As discussed during the TAC, CPMI-IOSCO has been charged with spearheading global data harmonization efforts and recent activity surrounding data standards and identifiers – including the Unique Product Identifier (“UPI”) and Unique Transaction Identifier (“UTI”) – are significant steps.<sup>3</sup> DTCC looks forward to reviewing CPMI-IOSCO’s recommendations and adoption of these efforts by regulatory bodies globally. International organizations such as the Financial Stability Board (“FSB”) and the OTC Derivatives Regulators Forum (“ODRF”), in coordination with CPMI-IOSCO, are well positioned to move data quality initiatives forward.

To ensure global consistency, DTCC recommends that the CFTC align its swap data elements proposal with CPMI-IOSCO recommendations and additional policymaking efforts globally currently under development. Key data elements that align within and across jurisdictions allow regulators to use a common data reporting vocabulary, which enables more effective systemic risk oversight. There is precedence for regulators undertaking a measured approach in order to align efforts with international policymaking bodies. For example, non-U.S. regulators recently deferred the start date of specific UTI reporting obligations until the release of final recommendations from CPMI-IOSCO.<sup>4</sup>

DTCC appreciates that jurisdiction-specific data elements are necessary for domestic monitoring. The CFTC’s proposal to consolidate reporting fields – including alignment across asset and product fields – is a necessary step in addressing reporting challenges for market participants and SDRs. However, the CFTC would benefit from aligning its key data elements, when applicable, to correspond to elements currently under review by regulatory bodies globally.

---

<sup>3</sup> See Harmonisation of the Unique Product Identifier – Consultative Report (December 2015), available at <http://www.bis.org/cpmi/publ/d141.htm>; See Harmonisation of the Unique Transaction Identifier (UTI), Consultative Report Issued by CPMI-IOSCO (19 August 2015), available at <http://www.bis.org/press/p150819.htm>.

<sup>4</sup> See Australia: ASIC Corporations (Amendment and Repeal) Instrument 2016/0043 (29 January 2016), available at <https://www.comlaw.gov.au/Details/F2016L00072>; See Hong Kong: New version of the Supplementary Reporting Instructions (29 January 2016), available at <https://hktr.hkma.gov.hk/ContentDetail.aspx?pageName=HKTR-RPT-Administration-and-Interface-Development-Guide>; See Singapore: Securities and Futures (Reporting of Derivatives Contracts) (Amendment) Regulations 2016 (25 January 2016); available at <http://www.mas.gov.sg/~media/MAS/Regulations%20and%20Financial%20Stability/Regulations%20Guidance%20and%20Licensing/Securities%20Futures%20and%20Fund%20Management/Regulations%20Guidance%20and%20Licensing/Regulations/Securities%20and%20Futures%20Reporting%20of%20Derivatives%20Contracts%20Amendment%20Regs%202016.pdf>

### *3. Addressing Operational and Functional Complexity*

DTCC encourages the CFTC to carefully consider if any of the proposed technical specifications significantly add value, or if the proposed changes inject unintended operational and functional complexity into the current reporting system.

DTCC strongly recommends that the CFTC reevaluate its draft technical specifications regarding the Event Type and Message Type data elements. Given the potential for significant change to these core data elements, DTCC believes the proposed specifications will substantially impact SDR data processing. DTCC also cautions that further global fragmentation will result as the proposed changes deviate from how other jurisdictions currently require the same information. As the proposed changes to these key data elements do not reflect market systems, the proposed values are not readily available in the industry and may result in poor data quality. DTCC requests that the CFTC align with CPMI-IOSCO's Other Data Element initiative currently underway, and welcomes the opportunity to further discuss these critical data elements with the Commission.

As previously indicated, DTCC also requests that the CFTC provide greater clarity regarding validation of data elements by SDRs. For example, detailed guidance regarding who should populate specific fields and when would provide increased certainty for both market participants and SDRs. This would lead to increased data quality and higher reporting completion rates, which ultimately assists the Commission in having greater insight into these markets. DTCC also notes that significant changes to the volume and types of information that must be reported by market participants and SDRs will require significant lead time.

\* \* \*

DTCC welcomes the opportunity to discuss these comments and specific responses with the Commission. Please contact me at 212-855-2670 or [mcollazo@dtcc.com](mailto:mcollazo@dtcc.com).

Sincerely yours,



Marisol Collazo  
Chief Executive Officer, DTCC Data Repository (U.S.) LLC

Enclosure: Appendix

## Appendix:

### CFTC Staff Request for Comment Draft Technical Specifications for Certain Swap Data Elements

The following provides responses to select questions within the Commodity Futures Trading Commission's ("CFTC" or "Commission") staff request for comment. Where there is no response, DTCC and DDR have deferred to the industry or the relevant party to whom the question is addressed.

#### **Specific Responses to Commission Requests for Comment**

##### Counterparty-Related Data Elements

**1. *Are there challenges associated with identifying the Ultimate Parent and/or Ultimate Guarantor of a swap counterparty? If so, how might those challenges be addressed?***

DTCC believes significant challenges exist in swap data repositories ("SDR") – and possibly reporting parties – verifying the accuracy of relationships between the swap counterparties and Ultimate Parent and/or Ultimate Guarantor of their counterparties. Such data, especially Ultimate Parent, is static data that is best captured by the entities applying for identifiers, not trading counterparties that may be required to report dynamic trade data.

DTCC believes that Ultimate Parent identifier should be included in LEI reference data held in the Global Legal Entity Identifier System ("GLEIS"). GLEIS should be the central source for such static data and not the trade records, which are best used to populate dynamic data. Until an industry-wide, public, aggregated data source is established and implemented, the SDR is unable to ensure the accuracy of these relationships.

DTCC highlights that it is incumbent upon both the reporting side and their counterparty to renew and update their LEI records and to ensure that current information is held in the GLEIS. DTCC supports all SDRs rejecting trades where the reporting party has failed to renew their LEI record, as the reporting party is in full control of complying with the LEI renewal requirement. However, DTCC does not support the rejection of trades submitted by a reporting party due to their counterparty's failure to renew their LEI record within the GLEIS. The reporting party has no ability to renew the LEI record on behalf of its counterparty as the GLEIS business model and operating model is based on a self-registration concept. Rejecting such trades back to a reporting party, which has no ability to correct the trade and resubmit it, would cause the Commission to not receive such trades and therefore not be able to include them in its risk aggregation models.

**2. *Are there any additional counterparty-related data elements that should be included to evaluate the risk undertaken by the Ultimate Parent and Ultimate Guarantor?***

To ensure data accuracy and completeness, DTCC cautions against introducing additional data elements where information is not easily reportable. Please see DTCC Response to CFTC Question 1 above for additional comment.

**3. *When a swap counterparty has more than one Ultimate Parent, including, but not limited to, situations in which an entity is a joint venture, how might this be reflected in a single data element?***

DTCC believes that such issues would be best addressed by the Global Legal Entity Identifier Foundation (“GLEIF”), and encourages the CFTC to refrain from introducing duplicative data elements. Please see DTCC Response to CFTC Question 1 above for additional comment.

**5. *Should the allowable values for Counterparty ID be modified for counterparties that are natural persons? If so, how?***

Yes, for all classes of natural persons not eligible for LEIs. The Regulatory Oversight Committee recently expanded the scope of the LEI to include natural persons acting in a business capacity and that are listed in a business registry.<sup>1</sup> This segment of natural persons is now eligible for LEIs and the Counterparty ID for them should not be modified. Given that all other classes of natural persons are excluded from obtaining LEIs, DTCC believes some flexibility is needed in specific cases. However, given the low frequency of these segments of natural persons transacting in the asset classes covered by the rules, DTCC does not believe that this added flexibility will have a material impact on data quality, market surveillance or data aggregation.

**7. *Please provide feedback on any aspect of the draft technical specifications for the data elements presented below.***

DTCC welcomes CFTC efforts to further clarify specifications as this will provide certainty to market participants, which will ultimately assist in promoting improved data reporting. However, DTCC encourages the CFTC to focus on key existing data elements prior to including additional elements.

DTCC cautions against adding new data elements where there is limited data availability or lack of a central authority. For example, a Special Entity Indicator and Counterparty Dealing Exclusion Type may pose challenges for firms to report and would likely negatively impact data quality.

Given DTCC’s experience with Trade Party US Person Indicator data element, we strongly caution against adding the US Person data element for Ultimate Parents as this information may not be readily available. While the Trade Party US Person Indicator has seen recent improvements in completeness, it took significant time for the market to streamline reporting of this information.

DTCC also encourages the CFTC to minimize redundancies in order to promote accuracy. For example, for a Third Party Report ID, DTCC proposes rather than create a special data element that gets populated only when the submitter is a third party, the CFTC should instead prescribe for a Data Submitter Type. This data element would be populated in all cases and would describe the Data Submitter as a Third Party, SEF, DCM, Direct or other prescribed values.

---

<sup>1</sup> See LEI ROC Statement on Individuals Acting in a Business Capacity (30 September, 2015), available at [http://www.leiroc.org/publications/gls/lou\\_20150930-1.pdf](http://www.leiroc.org/publications/gls/lou_20150930-1.pdf)

## Product

**8. *What are the challenges to reporting industry accepted uniform identifiers? How can those challenges be addressed?***

DTCC does not anticipate problems with reporting industry accepted uniform identifiers if the identifiers were freely available, standardized and harmonized globally. There is a potential problem when the identifiers are proprietary (See DTCC Response to Question 10 below) or where multiple variations of an identifier exist for the same data element. To ensure global consistency, DTCC encourages the CFTC to align its swap data elements proposal with CPMI-IOSCO recommendations and additional policymaking efforts globally that are currently under development.

**9. *If there is not an industry accepted uniform identifier for a particular index, how should the index be represented in swaps data?***

Please see DTCC Response to CFTC Question 8 above. Additionally, there can be conventions developed to create identifiers for indices that have not yet been defined and made the global standard.

**10. *What are the challenges to using proprietary identifiers? Do you have recommendations for addressing these challenges?***

DTCC believes that proprietary identifiers block data aggregation, which is a critical element to global data sharing as envisioned by the Group of 20 (“G20”). By design, proprietary identifiers are exclusively used by those entities that pay for usage which is naturally prohibitive of such an identifier being globally adopted. DTCC does not believe the use of proprietary identifiers is an appropriate process and therefore encourages the CFTC to align its swap data elements proposal with CPMI-IOSCO recommendations and additional policymaking efforts globally that are currently under development to generate freely available identifiers.

**11. *What are the challenges presented when an identifier for an index is changed? Do you have recommendations for addressing these challenges?***

The challenges may vary based on whether or not the global solution will leverage a utility-based entity. DTCC believes that a change in an index identifier would pose challenges when aggregating or analyzing data over periods of time given that the index would be represented differently at different times. From a validation perspective, challenges present themselves if trade repositories will need to maintain multiple dated identifier versions of the same index to ensure data quality.

**12. *Do the benefits of mandating a publically available standard reference representations and possibly a central maintenance authority outweigh the potential effect on innovation and competition in the creation of new indices or index identifiers?***

Given the significant importance of the Product Identifier for data aggregation and systemic risk purposes, DTCC believes that mandating a publically available standard and a central maintenance authority is a necessity. DTCC believes there will be no impact on innovation as a result of making the identifiers freely available. The innovation will occur in the creation of the product, not in its name.

**14. How should currencies that do not have ISO 4217 codes be represented?**

According to market participant feedback, DTCC is aware of issues with respect to off-shore currencies and understands they are non-standard and should be treated as such. In order to streamline validations and ensure data quality, DTCC recommends that a new data element of Currency Source be added. This data element would define whether or not a given currency is adhering to the ISO standard. As a result, participants would be able to perform the ISO Currency mappings in accordance with International Swaps and Derivatives Association (“ISDA”) recommendations while providing transparency as to which swaps were executed in an off-shore currency.

**16. Please provide feedback on any aspect of the draft technical specifications for the data elements presented below.**

DTCC supports the CFTC description of the Asset Class data element including the allowable values and format/standard.

Price

**17. Are there alternative terms for representing the value exchanged between parties for different asset classes and different types of contracts within each asset class?**

Yes, DTCC believes there are viable alternatives for representing the value exchanged between parties for different asset classes and different types of contracts within each asset class. Currently, the Price Type data element is not consistently used with the same meaning across the globe. To fully reflect the value exchanged by counterparties, DTCC recommends that the CFTC use new data elements of Price Business Type and Price Data Type in place of price type. The Price Business Type defines the business purpose of the price and Price Data Type defines the format of the price field. Price Data Type will enable SDRs to implement more accurate validations while the Price Business Type would provide the CFTC with more transparency as to the value exchanged between parties for all asset classes and contracts. See DTCC Response to Question 18 below for examples.

**18. Price is currently reported in several ways, including Price, Spread, Percentage, and Upfront Points. Is this list sufficient or should other Allowable Values be added?**

DTCC recommends that the below allowable values be added to represent the Price elements suggested in DTCC Response to Question 17 above:

- Price Business Type would include values such as, but not limited to, Spread, Premium, Strike Price and Post Price.
- Price Data Type would include Basis Points, Percentage, Currency and Level.
  - The price of an Option can be represented with a Business Type of ‘Premium’, a Price Data Type of ‘Currency’ and a Price Value of 100 with a Price Currency of ‘USD’.
  - Alternatively, the price of a CDS can be represented with a Business Type of ‘Spread’, a Price Data Type of ‘Basis Points’, a Price Value of 200 and a Price Currency of Null.



**19. Should each asset class have a specific list of allowable Price types? If so, please suggest allowable price types.**

DTCC recommends continuing use of the ISDA current standards for allowable Price types by asset class.

Please see DTCC Response to CFTC Questions 17 and 18 above.

**20. What additional data elements related to Price should be provided for each asset class or product type to fully reflect the value exchange by counterparties of the swap?**

DTCC recommends that Option Strike Price and Option Premium data elements be incorporated into the Price Type model (described in DTCC Responses to Questions 17 and 18 above) to ensure a cross-asset and cross-product approach.

**22. Please provide feedback on any aspect of the draft technical specifications for the data elements presented below.**

DTCC supports the introduction of a logical grouping of Price Type fields that span across asset classes and products. This allows for a more logical and intuitive manner in which to report, store and analyze price information. As outlined in DTCC Response to CFTC Questions 17 and 18 above, DTCC recommends expanding the allowable values in the Price Type field to capture all products.

Notional Amount

**23. What challenges exist for reporting of static and/or varying notional amounts, such as a schedule for accreting or amortizing swaps? Do you have recommendations for addressing these challenges?**

DTCC believes the most intuitive way of analyzing notional data is to ensure that the current state notional is provided in the prescribed field, as opposed to requiring the CFTC to calculate or infer the notional based on the multiplier, factor or number of option data elements. This would enable SDRs to perform more efficient and accurate validations, streamline reporting and create a more intuitive data set. For example, with an amortizing swap, reporting parties would update the outstanding notional to the SDR in accordance with the amortization schedule.

**25. Please provide feedback on any aspect of the draft technical specifications for the data elements presented below.**

DTCC requests that the CFTC prescribe a scale in addition to precision to the Notional Amount data element. Agreeing on a maximum/minimum number of decimal places would reduce ambiguity in reporting and validation.

In addition, DTCC believes that the Notional Amount should be defined as “the notional amount reflecting the current state amount from which the contractual payments are determined.”

## Additional Fixed Payments

**26. What challenges may exist for reporting Additional Fixed Payments? If so, what alternative approaches are available?**

Given that multiple additional payments can be reported at one time, DTCC recommends that the CFTC prescribe a limit to the number of additional fixed payments that can be reported on any given submission.

**27. Please provide feedback on any aspect of the draft technical specifications for the data elements presented below.**

DTCC supports the introduction of a generic and cross asset Additional Payment Type data element that would allow for a consistent representation of additional payments across asset classes and products.

## Options

**28. Do the allowable values for Option Type clearly and properly reflect the possible outcomes resulting from an option exercise as they relate to the underlying contract?**

Yes, DTCC believes the enumerated values properly reflect the possible outcomes within the rates and credits asset classes.

**29. Do the allowable values for Option Strike Type properly reflect the range of appropriate entries for this data element?**

DTCC recommends that the CFTC remove this dedicated data element and consolidate it as one of the Price Type valid values as outlined in DTCC Response to CFTC Question 20 above.

**30. Does the definition of Option Strike adequately describe the range of entries for this data element?**

Yes, the definition of Option Strike adequately describes the data element.

**31. Do the allowable values for Option Premium Amount Type properly reflect the range of appropriate entries for this data element?**

DTCC believes that as Option Premium Amount is expressed as a currency, this is reflective of the appropriate entry for this data element.

**33. Please provide feedback on any aspect of the draft technical specifications for the data elements presented below.**

Please see DTCC's feedback regarding specific aspects of the data elements presented below. In addition, as previously stated, DTCC strongly encourages the CFTC to refrain from introducing changes to existing data elements until policymaking bodies globally – such as

CPMI-IOSCO and the FSB – provide recommendations resulting from current global data harmonization initiatives.

- Option Type. DTCC supports a cross-asset approach to capture the Option Type. However, DTCC notes that Option Type is an element that could be considered as part of a Universal Product Identifier (“UPI”), an identifier that is under consideration through CPMI-IOSCO’s data harmonization initiative. DTCC encourages the CFTC to align future guidance with CPMI-IOSCO recommendations currently under development.
- Earliest Exercise Datetime. DTCC notes that the Earliest Exercise Datetime data element is only applicable to Bermudan and American options. As a result, DTCC urges the CFTC to prescribe clear guidelines for data elements with specific product conditionality to reduce ambiguity in reporting requirements.

### Clearing

***42. Are the sources cited above, and the associated Allowable Values, sufficiently clear to avoid any ambiguity regarding clearing requirements and allowable exemptions? If not, what ambiguity exists that Staff might address?***

DTCC does not believe that the sources cited and the associated Allowable Values are sufficiently clear. DTCC believes that an additional data element of Clearing Status should be introduced. The Clearing Status element would replace existing data elements of Intent To Clear and Clearing Exemption. The introduction of this data element would allow for a more streamlined representation of the clearing flow and provide the CFTC with increased transparency.

The Clearing Status element would support valid values which would accurately reflect the clearing status of a given swap. Below are examples of the valid clearing status that should be prescribed:

- Intended to Clear
- Cleared
- Failed Clearing
- Not Cleared
- NF-50.50
- SB-50.50(d)
- FC-50.51
- IA-50.52
- NAL

***43. Please provide feedback on any aspect of the draft technical specifications for the data elements presented below.***

DTCC requests that the Commission provide additional clarity around the Mandatory Clearing Indicator. When referring to the Swap in the description, it is unclear if the CFTC refers to the product or a combination of product, the counterparties and other relevant data elements that

meet the mandatory clearing requirements. DTCC notes that this has been a point of industry debate and as a result, there is inconsistent reporting of this data element.

## Periodic Reporting

### *Reconciliation*

#### **44. To represent that the reporting counterparties and the SDRs have confirmed data accuracy, is there a methodology better than reporting the Data Accuracy Confirmation by Counterparty data element?**

DTCC believes that Data Accuracy Confirmation does not need to be provided by the counterparty in all cases as the source of the submission may represent a degree of accuracy itself.

For example, swaps executed between inter-affiliate entities should not require Data Accuracy Confirmation, given that the trade already reflects both sides. In addition, swaps that have been bilaterally confirmed on an electronic platform - which then submitted that trade to the SDR – should not require Data Accuracy Confirmation, given that the trade already reflects a bilateral confirmation.

Given that the majority of trades would be affirmed, DTCC believes that affirmation should be implied unless a dispute has been submitted. As a result, DTCC recommends that a valid value of “Affirm” is removed. DTCC notes, however, this would not absolve counterparties from reviewing every single trade where they are the non-reporting party.

Additionally, DTCC would like to raise concerns about specific scenarios where a counterparty is not onboarded with the SDR and as a result, such a counterparty has no view into the trade nor has the ability to verify or dispute submissions. DTCC believes that the verification requirements must only be applicable to on-boarded counterparties of the relevant SDR.

### *Collateral/Margin*

#### **53. What are the challenges to reporting the following collateral information:**

- (a) eligible currencies, securities and haircuts;**
- (b) other types of eligible collateral and valuation; (c) rehypothecation election; and**
- (d) segregation of posted collateral in a triparty custodial account?**

**Do you have recommendations for addressing these challenges?**

The DTCC GTR’s experience to date of collateral reported to over-the-counter (“OTC”) trade repositories has focused on requirements under EMIR and ASIC. Under these regimes, collateral has to be reported at the total market value that has been posted by the party responsible for the report and any haircuts or similar used by the receiver of the collateral and any fees or similar amounts should be ignored. There is only one collateral value field and an associated currency field on each report submitted by, or on behalf of, the reporting counterparty. The collateral for a single portfolio should be reported in one single currency value.

The reporting counterparty is free to decide which currency should be used as base currency as long as the base currency chosen is one of the major currencies which represents the greatest weight in the pool and is used consistently for the purpose of collateral reporting for a given portfolio.

- Non-cash collateral should be reported as its current cash equivalent as evaluated at the moment of posting/amending the collateral.
- The collateral should be the sum of any initial margin (or similar) posted by the reporting counterparty and any variation margin (or similar) also posted by the reporting counterparty. Note that there is no obligation to report collateral received (to avoid double-counting) and therefore, if the variation margin is flowing in the opposite direction to the initial margin, it would be the other counterparty that would have to report the variation margin on their report.
- The collateral should be reported as the total market value that has been posted by the counterparty responsible for the report.

***55. What are the challenges to reporting if a transaction is guaranteed by multiple entities at varying levels of subordination?***

DTCC acknowledges the challenges linking the varying levels of subordination to the applicable entity when reporting these fields in exotic transactions. For non-exotic products this level of detail is contained within the specification of the index which contains a unique name or identifier.

***56. Should Netting Set valuation, collateral and margin information be reported at the transaction level or only at the aggregated portfolio level?***

DTCC highlights that other regulatory bodies globally expressed a preference for this information to be provided at the portfolio level. As a result, DTCC recommends that reporting of Collateral and Margin be raised to CPMI-IOSCO for review and global harmonization.

***57. Are the data described in the data element Close Out Netting Set Portfolio and Collateral Valuation Currency all denominated in the same currency? If not, should there be additional data elements to capture the currencies?***

No. DTCC believes that each amount data element should be associated with a separate currency element to allow for those cases where the different collateral / margin values can be in different currencies.

Events

***60. Are there other ways to resolve the challenges encountered by Staff in understanding swap events? If so, please provide details regarding how these potential solutions illustrate both: (i) all of the events impacting a swap and (ii) the current status of a transaction?***

DTCC recognizes potential challenges CFTC staff face in understanding swap events. However, DTCC strongly cautions the Commission against introducing changes to existing event-based data

elements in advance of CPMI-IOSCO providing recommendations resulting from their current global harmonization initiatives.

With the proposal currently under discussion, DTCC notes that challenges are likely to emerge when the Event Type is comingled with the newly-introduced Message Type. Requiring such a granular level of detail in the Event Type data element will pose significant reporting challenges to market participants as well as SDRs. Such proposal also results in duplicative data elements for the trade record that can create data integrity issues and present challenges to SDRs to perform validations. For additional information, please see DTCC Response to CFTC Question 61 below.

***61. What are some of the challenges with the Event Types listed below? If so, please provide suggestions to address them.***

DTCC cautions that overloading the Event Type field may raise challenges for (1) data submitters in terms of reporting; (2) SDRs for validating and processing as a result of duplicative data elements in the trade; and (3) the CFTC to interpret from an aggregation perspective.

If it is necessary for the CFTC to make a distinction between a Trade and Trade|Force, DTCC recommends capturing that as a separate descriptive data element. For example, distinguishing between a 3-Way and a 4-Way Novation can be accomplished by observing the parties on the new leg of the swap. DTCC believes that the industry may face challenges in implementing the nuanced event types described above, and SDRs would face challenges in embedding these variations into its position calculation logic.

Given that Message Type and Event are core data elements used in expressing the lifecycle event and reporting intent of the reporting parties to regulators, DTCC encourages the CFTC to align future guidance with CPMI-IOSCO recommendations currently under development.

***62. Is there any uncertainty regarding how Reporting Counterparties should determine whether an event is price-forming or not?***

DTCC believes there is uncertainty in determining price forming events under the existing regulations. To assist the industry in implementation efforts, DTCC urges the CFTC to provide further clarity regarding what constitutes a price forming event per asset class.

***64. Do the descriptions suggested for Event Types clearly convey when an event is price forming in nature or not?***

DTCC does not believe the suggested descriptions for Event Type convey when an event is price forming. As a result, DTCC urges the CFTC to provide further clarity regarding what constitutes a price forming event to assist the industry in implementation efforts.

***65. Please provide feedback on any aspect of the draft technical specifications for the data elements presented below.***

- Message Type: DTCC recommends that the Message Types of “Update”, “Modify” and “Correct” be consolidated into a single value. Due to minor differences behind the intent

of a change, industry participants would not be able to consistently implement the necessary triggers within their trade booking systems to issue an accurate message type differentiating among the three types. As a result, SDRs would treat the three values as essentially identical; however, the CFTC would lose value in the distinctions due to inconsistent industry interpretation and implementation.

- Price Forming Event: DTCC believe a specific indicator of whether a given event is price forming or not is unnecessary. If the event is price forming, the presence of a Part 43 message would be submitted, disseminated and made available to the CFTC. The absence of a Part 43 message would indicate the event provided on the Part 45 message was not price forming.
- Event USI Version: Given the efforts currently underway by CPMI-IOSCO regarding UTI, DTCC urges the CFTC to take a measured approach regarding this requirement until a new standard is proposed and adopted globally.
- USI Impact: Given the efforts currently underway by CPMI-IOSCO regarding UTI, DTCC urges the CFTC to take a measured approach regarding this requirement until a new standard is proposed and adopted globally.
- USI Version: Given the efforts currently underway by CPMI-IOSCO regarding UTI, DTCC urges the CFTC to take a measured approach regarding this requirement until a new standard is proposed and adopted globally.

## Rates

### ***67. Should swap data reporting select the multiplier approach or the effective notional approach? Please provide reasons for your selection.***

While DTCC does not have a strong preference to either approach, it would be beneficial for the CFTC to have a single approach consistently applied for the purposes of supervisory transparency.

DTCC also notes that for data aggregation purposes, the effective notional may present benefits and reduce complexity in the derivation of the notional.

### ***68. Please provide feedback on any aspect of the draft technical specifications for the data elements presented below.***

- Leg Spread: DTCC recommends that Leg Spread not be introduced as a rates specific field. Alternatively, DTCC recommends that the CFTC consolidate Leg Spread into the cross asset Price group as one of the valid Price Type values.
- Fixed Rate: DTCC recommends that the fixed rate is expressed as an absolute value.

## Foreign Exchange

### ***69. How should the spot component of a jurisdictional foreign exchange swap transaction be represented?***

DTCC believes the spot component should be reported as a separate transaction with an independent Unique Trade Identifier, which is in accordance with market practice and the Global Financial Markets Association (“GFMA”) recommendation to the industry. In order to properly identify the spot and forward legs from each transaction, a Link ID should be provided to indicate the relationship.

***70. What are the swap data elements best suited to link the spot and forward components of a foreign exchange swap?***

DTCC currently allows participants to link the spot and forward components of a FX swap with a ‘swap link id’ data element. To ensure a desirable level of data quality within the ‘swap link id’ data element, DTCC advises that clear technical specifications must be required. Therefore, DTCC recommends prescribing a standard for populating the ‘swap link id’ element. For example, the Commission may require that the ‘swap link id’ data element always contain the USI of the far leg. Such a standard would allow the Commission to both identify the spot component of the swap, (by reconciling the spot USI with the swap link USI), and link the spot and forward components with a standardized identifier.

***71. Are there additional data elements that are needed for regulatory reporting of transactions in the foreign exchange asset class, including data elements that may be specific to particular types of foreign exchange transactions?***

DTCC suggests that additional confirmable data elements are required on exotic transactions such as Trigger Conditions, Trigger Direction, Trigger Rate and Payout Style as is currently prescribed in FpML.

***72. Please provide feedback on any aspect of the draft technical specifications for the data elements presented below.***

- Delivery Type: DTCC highlights that allowable values of “E” and “A” are not currently standard enumerations of Delivery Type in other jurisdictions. Without global alignment, DTCC believes this change to Delivery Type would pose industry challenges in complying with jurisdictions globally. Therefore, DTCC encourages the CFTC to align future requirements for this data element with CPMI-IOSCO recommendations currently under development.
- Leg Type: DTCC supports the cross asset proposal but requests that the CFTC provide clear guidance as to the product applicability of this data element and each allowable value.
- Reference Price: DTCC recommends that the CFTC adopt a consistent approach regarding data element requirements in order to reduce optionality. Today, optional fields cause a challenge for SDRs to introduce validations and ensure completeness and accuracy of the data.



## General Questions

***73. Are any of the Data Elements listed herein unclear? Do any Data elements require greater standardization?***

Please see DTCC previous responses to the relevant questions above.

***74. Are any of the Descriptions inconsistent with common industry usage or your utilization of the data element?***

As noted in DTCC responses to previous questions, DTCC strongly urges the Commission to provide more explicit conditional requirement rules where applicable. For example, providing explicit product or event applicability as well as indicating the parties responsible for providing this information is critical in reducing ambiguity and increasing completeness and accuracy of the data reported.

Additionally, many of the proposed data elements and/or valid values do not reflect existing market conventions. DTCC recommends that the CFTC engage with the industry and through CPMI-IOSCO to globally align on a collaborative basis. DTCC remains very concerned about the impact on data integrity if the technical specifications are not refined to closely align with market standards.

***76. Is there a better electronic representation of the Data Elements that can be prescribed in the Format data element?***

As noted in DTCC responses to previous questions, DTCC recommends that the Commission prescribe explicit precision and scale in each data element with a numeric data type.

***77. Should “date” related Data Elements be adjusted or unadjusted?***

While DTCC does not have a preference, we recommend the CFTC collaborate with the industry to adhere to a current market practice.

***79. Are there any other data elements that reporting counterparties require in order to accurately reflect all of the economic terms of a swap transaction or adhere to existing reporting regulations?***

DTCC urges the CFTC to streamline its focus on those key data elements necessary for systemic risk analysis and monitoring. DTCC cautions against introducing new reporting elements until policymaking efforts – such as those currently underway by CPMI-IOSCO – are implemented and adopted globally.

***80. Are there other data elements not included in this draft technical specifications for certain swap data elements that you think should be prioritized for standardization? Please explain why and provide relevant information as per the draft technical specifications for certain swap data elements included in the Appendix, such as Description, Allowable Values, and Format.***

Please see DTCC previous responses to the relevant questions above.