

Via electronic submission

August 21, 2017

Mr. Amir Zaidi
Director, Division of Market Oversight
U.S. Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street NW
Washington, DC 20581

Re: CFTC Letter 17-33; Division of Market Oversight Announces Review of Swap Reporting Rules in Parts 43, 45, and 49 of Commission Regulations

Dear Mr. Zaidi:

LCH Limited, LCH SA, and LCH LLC (together “LCH”) welcomes the opportunity to respond to this request for comment from the Division of Market Oversight (“DMO”) of the Commodity Futures Trading Commission (“CFTC” or “Commission”) regarding the proposed Review of Swaps Reporting Regulations.¹ We commend DMO on this important and timely initiative to enhance the quality swaps data and streamline existing swaps reporting regulations.

LCH Group is an international, multi-asset class group of clearing houses that manage the risk of many diverse portfolios of cleared derivatives.² LCH Group has supported regulatory reform enhancements to the global structure governing derivatives markets that have resulted in a comprehensive, stronger, and more robust risk management framework for CCPs, clearing members, and end-users of derivatives.

¹ CFTC “Roadmap to Achieve High Quality Swaps Data,” July 10, 2017, (“Roadmap”) http://www.cftc.gov/idc/groups/public/@newsroom/documents/file/dmo_swapdataplan071017.pdf.

² LCH Ltd, LCH SA, and LCH LLC are all registered Derivatives Clearing Organizations (DCO) supervised by the CFTC under the Commodity Exchange Act and Commission Regulations. The LCH Group is the leading multi-asset class and multi-national group of clearing houses, serving major international exchanges and platforms as well as a range of OTC markets. LCH clears a broad range of asset classes including securities, exchange-traded derivatives, commodities, energy, freight, foreign exchange derivatives, interest rate swaps, credit default swaps, and euro and sterling denominated bonds and repos. LCH Group Limited is majority owned by the London Stock Exchange Group (LSEG), a diversified international exchange group.

As discussed in greater detail below, LCH supports the overall scope and timing of the reporting review as proposed and welcomes the opportunity to engage with the CFTC on future proposals anticipated under the Roadmap. This DMO review, the development of related international standards, and similar regulatory reviews in other jurisdictions, present a welcomed opportunity to further harmonize key components of swaps data reporting requirements across jurisdictions. We believe this will benefit regulators, global market operators and market participants.

LCH provides the following comments in response to the Roadmap:

I. Tranche 1: SDR Operations Review

We support the review of SDR operations and look forward to working with our SDR partners, clearing members and clients on areas that could be further streamlined to meet the CFTC's regulatory objectives in a more efficient manner.

II. Tranche 2: Reporting Workflows

a. Streamline Workflows

We support the goal to eliminate multiple reporting streams and unnecessary messages. Although outside the scope of the proposed Roadmap, this review provides an opportunity to evaluate whether components of other CFTC swaps reporting requirements, such as those under Part 39, could be considered in conjunction with Parts 43, 45, and 49 of Commission Regulations.

b. Focus on Key Data Fields

The timing of this review will allow the Commission to work with foreign counterparts to harmonize key data fields building on the current CPMI-IOSCO process. There are areas where further clarification of the CFTC's required minimum standards for submission of data will be helpful following the next phase of the international standard setting process.

We believe the number of fields currently reported could be reduced in order to allow the CFTC to perform its oversight functions while reducing the complexity and number of data fields. We believe reporting obligations should focus on the core risk elements of a trade rather than obtaining all data elements from every step in the lifecycle of a swap.

c. Technical Specification

We agree with the sequence to propose detailed technical specifications after the CPMI-IOSCO harmonization efforts have sufficiently progressed.

Mapping the technical specifications to existing data languages would mitigate any potential scenarios where the data required by the CFTC is not currently supported by industry messaging standards. Industry messaging protocols used for different product sets should also be taken into consideration when reviewing the CFTC's technical specifications.

We support updating specifications for SDR validations to cover the full suite of required data elements and include remaining allowable values and format validations. We recommend the CFTC ensure new technical specifications applied to cleared transactions focus on capturing the core risk changes resulting from an event.

d. Re-Evaluate Reporting Deadlines under Part 45

We believe adjusting current reporting deadlines could improve data accuracy. Moving from a real-time to T+1 deadline would align the CFTC rules with other domestic and international counterparts and increase overall quality of data received by the CFTC.

III. Target timeframes for review

We believe that the Q4 2019 compliance deadlines are adequate to implement any changes to the reporting workflows which would be finalized in a Q4 2018 final rule, as proposed in the Roadmap timeline.

IV. Harmonization of swaps reporting rules

We continue to support measures to harmonize reporting requirements across major swaps jurisdictions, including the key differences between the European Market Infrastructure Regulation (EMIR) and the Commission regulations.

Specific areas that continue to be evaluated include: (1) single-sided versus dual-sided reporting; (2) timing (real-time versus T+1); (3) the information required concerning collateral; (4) representation of client cleared transactions; and (5) use of an audit chain throughout the evolution of a swap.

Resolving differences in these key areas while ensuring continued support of the CFTC's specific regulatory objectives would be a significant step towards the harmonization of data fields for global market participants.

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LCH appreciates the opportunity to comment on the proposed Roadmap and we look forward to contributing further to this important initiative. Please do not hesitate to contact us to discuss our comments in greater detail.

Sincerely,

A handwritten signature in black ink, appearing to read "Jonathan Jachym". The signature is fluid and cursive, with a large initial "J" and a long, sweeping underline.

Jonathan Jachym
U.S. Country Head
Head of North America Government Relations and Regulatory Strategy
London Stock Exchange Group

cc: Dan Bucsa, Deputy Director, DMO
Andrew Ridenour, Special Counsel, DMO
Benjamin DeMaria, Special Counsel, DMO