



asset management group

KISS Initiative – Appendix 2

REPORTING¹

I. Swaps Reporting: Improve Efficiency, Effectiveness, and Accuracy While Protecting Market Liquidity, Pricing, and Counterparty Confidentiality

A. Commission’s Regulatory Goals

The goals of Commission Regulation Parts 43, 45, and 49 are to provide appropriate market transparency and enable regulatory oversight of the swaps market while avoiding unnecessary burden and without unduly harming market liquidity, price or counterparty confidentiality.

B. Excessive Regulatory Burden and Adverse Impacts

As stated in detail in AMG’s Response to the Division of Market Oversight’s Swaps Reporting Review, AMG strongly supports global harmony for trade reporting as the best means of achieving efficiency and usable swaps data. We refer the Commission to AMG’s Response, dated August 18, 2017, for AMG’s feedback on this issue.² Further, we believe that swaps reporting should remain single-sided and focused on the economic nature of the transaction. We further refer the Commission to AMG’s Response, dated August 18, 2017, for AMG’s feedback on this issue.

In addition, we believe that public dissemination of block trade data should be reviewed and optimized to improve market structure, pricing, and counterparty confidentiality. Under current public dissemination standards, AMG believes that the length of the delay for public dissemination of block trade information is too short to provide sufficient time to complete hedging transactions before the block is made public, resulting in higher prices of block trades by the dealer counterparties of asset managers’ clients. Currently, block trades are released publicly after a 15-minute delay. While we do not have concerns with block trade information being made available to regulators immediately, we believe that a longer delay for public dissemination would aid the counterparties to the block trades and the efficient functioning of the markets. Public reporting of these large transactions prematurely hurts a market participant’s ability to efficiently and effectively

¹ Should you have any questions regarding AMG’s response, please contact Tim Cameron at 202-962-7447 or tcameron@sifma.org, or Laura Martin at 212-313-1176 or lmartin@sifma.org, or Ruth Epstein, Stradley Ronon Stevens & Young, LLP, at 202-292-4522 or repstein@stradley.com.

² SIFMA AMG Letter regarding Swaps Reporting Review by the Commodity Futures Trading Commission’s Division of Market Oversight (Aug. 18, 2017), *available at*: <https://www.sifma.org/resources/submissions/cftc-dmo-swaps-reporting-review-and-roadmap/>.

execute related trading strategies, such as large hedging programs, because the 15-minute delay is too short a window to do so.

In addition, counterparty confidentiality is compromised by publicly disseminating block trade information too quickly. The large amount of data disclosed contains enough clues for other market participants to determine the identities of the counterparties, particularly in areas of the market where there are a limited number of types of participants. Releasing the information after 15-minutes only adds to this problem.

C. Recommendations

AMG recommends that the Commission:

1. Lead global harmony of swaps data reporting, while not adopting burdensome reporting approaches that may continue in other jurisdictions;
2. Improve swaps reporting efficiencies by focusing on purpose-driven fields that largely can be derived from trading confirms, and by removing fields that duplicate with unique identifiers that have been developed; and
3. Lengthen delay for public dissemination of block trades to improve counterparty confidentiality and avoid market movements occurring before the block trade counterparty can execute trading strategies relating to the block trade.

II. Additional Reporting Recommendations

In addition to the foregoing, AMG recommends that the Commission:

Consider clarifications to Form 40 so that market participants can provide information that is consistent across those providing responses. AMG appreciates the steps taken in the Commission's Division of Market Oversight ("DMO") Staff Letter 17-45 to ameliorate a number of significant problems that market participants have faced in providing responses to the Commission through amended Form 40 ("New Form 40"), and supports the review that DMO will undertake these issues during the period of no-action relief granted. Given the Commission's goal of New Form 40 to "provide the Commission with crucial information regarding reporting traders' ownership and control relationships and business activities,"³ AMG believes that DMO's review should include providing clarity on some of the requests for information made in New Form 40. A number of definitions, terms, and questions in New Form 40 are not clear or understood uniformly. For example, the scope of Question 14, Commodity Index Trading Indicator, includes a number of key undefined terms and phrases for which more information would be helpful.

³ See Ownership and Control Reports, Forms 102/102S, 40/40S, and 71; Final Rule (the "Adopting Release"), 78 Fed. Reg. 69,178, 69,198 (Nov. 18, 2013), available at <http://www.cftc.gov/idc/groups/public/@lrfederalregister/documents/file/2013-26789a.pdf>.