
450 W. 33rd St
New York, NY 10001
United States



+1 212 931 4900 Phone
+1 212 221 9860 Fax
ihsmarkit.com

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

January 27, 2020

Re: Certain Swap Data Repository and Data Reporting Requirements, 84 Fed. Reg. 21,044 (May 13, 2019)

Dear Mr. Kirkpatrick,

IHS Markit is pleased to submit these comments in response to the Commodity Futures Trading Commission's ("Commission") notice of proposed rulemaking concerning "Certain Swap Data Repository and Data Reporting Requirements" ("Proposal").

IHS Markit is a global information and services company that provides insight and solutions across 17 industries.¹ IHS Markit is a NASDAQ-listed public company under the ticker "INFO." IHS Markit has approximately 15,000 employees in 35 countries, including over 5,000 employees in the United States with offices in 21 states and the District of Columbia.

IHS Markit's Financial Services division accounts for just over one-third of IHS Markit's revenues² and provides data, software, technology platforms and managed services designed to address a variety of financial services industry-related challenges.³ IHS Markit's derivatives trade processing platform, MarkitSERV, is an important business within the Financial Services division. The derivatives trade processing platform facilitates connectivity and interaction between swap dealer, buy-side, fund administrators, and corporate end-user market participants and derivatives market infrastructures including swap execution facilities (SEFs) and derivatives clearing organizations (DCOs).⁴ Among the specific services offered by

¹ For more information regarding IHS Markit's solution offerings for these 17 industries, please see <https://ihsmarkit.com/products.html>.

² See IHS Markit, SEC Form 10-K Filing (Jan. 18, 2019).

³ See IHS Markit Financial Services, <https://ihsmarkit.com/industry/financial-markets.html>.

⁴ See MarkitSERV, <https://ihsmarkit.com/products/markitserv.html>.

MarkitSERV are trade confirmation, trade affirmation, allocations, submission of matched (confirmed or affirmed) trades to clearing, as well as a standard connectivity solution with customer risk systems. IHS Markit's derivatives trade processing services also help facilitate compliance with swaps reporting and confirmation requirements, among other regulatory requirements, in addition to facilitating clearing, providing operational efficiencies and mechanisms for risk mitigation.⁵ Globally, over 2,000 firms use IHS Markit's derivatives processing platform which processes, on average, 90,000 swap transaction events every day.

I. Executive Summary

IHS Markit suggests that swap data quality could be improved by focusing on clarifying the duties relating to the collection and retention of static data elements. Moreover, we note that a third-party service provider, like IHS Markit, the costs to comply with the Proposal can be substantially reduced relative to an in-house or manual solution.

II. Comments

a. Observations on Swap Data Quality

As a leading confirmation platform and third-party reporting agent, we share the Commission's concerns regarding data quality. The Commission's access to high quality swap data is essential to its oversight functions, i.e. its ability to monitor, measure, and regulate the swaps market in order to reduce potential systemic risks and to conduct surveillance for potential threats to market integrity.

We have noted that the vast majority of data quality issues relate to *static data* elements, i.e. data that does not change from swap to swap. This type of static data contrasts with *dynamic or transaction-level data* which changes and is different for each swap data report.⁶ These data include counterparty IDs and legal entity identifiers (LEIs) and other data elements that convey information regarding a particular swap counterparty.

A targeted rulemaking or policy guidance could clarify duties relating to the collection and reporting of static data and thereby enhance data quality. Such new policy could improve data quality by, for example: (1) providing that static data could be provided on an annual basis to the Commission (vs. trade by trade) except for LEIs

⁵ See MarkitSERV for EMIR Reporting, https://www.markitserv.com/assets/ms-en/docs/presentations/MarkitSERV_for_EMIR_Regulatory_Reporting_presentation.pdf.

⁶ See e.g., Order: Citibank, N.A. and Citigroup Global Markets Limited, Sept. 25, 2017, available at <https://www.cftc.gov/sites/default/files/idc/groups/public/@lrenforcementactions/documents/legalpleading/enfcitibankorder092517.pdf> (order instituting fines arising from static data reporting problems).

and/or (2) provide a safe harbor for parties reporting static data to a central hub that can be used by a reporting counterparty to pull static data for their non-reporting counterparty and/or the SDR. Alternatively, these problems can be mitigated through the Proposal's reconciliation requirement.

b. Encouraging Regtech Solutions

We defer to the outcome of the dialogue between market participants, particularly reporting counterparties, and the Commission as to whether the Proposal should be finalized. We do believe that in any calculus that the Commission would apply to determining whether the Commission should adopt the Proposal, the Commission should note that through the use of a non-affiliated third-party service provider, the costs to comply with the Proposal can be substantially reduced relative to an in-house or manual solution. Solutions developed by Regtech firms have costs that are spread across numerous customers, resulting in lower fixed and variable costs for reporting counterparties relative to alternative approaches, e.g., in-house or manual solutions. We note that we would be capable of delivering a Regtech solution for the asset classes we support, i.e. credit, equities, foreign exchange, and interest rates.

We hope that our comments are helpful to the Commission. We would be more than happy to elaborate or further discuss any of the points addressed above in more detail. In the event you may have any questions, please do not hesitate to contact Claire Lobo, Global Co-Head of MarkitSERV, Claire.Lobo@ihsmarkit.com, 212.205.1345.