



afme/

asifma

sifma

Global Foreign Exchange Division
39th Floor
25 Canada Square
Canary Wharf
London
E14 5LQ

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

Via website: comments.cftc.gov

22 May 2020

Re: Amendments to the Real-Time Public Reporting Requirements and the Swap Data Recordkeeping and Reporting Requirements

Dear Mr Kirkpatrick

The Global Foreign Exchange Division ('GFXD') of the Global Financial Markets Association ('GFMA') welcomes the opportunity to provide comments to the CFTC on its consultation paper on Amendments to the Real-Time Public Reporting Requirements and the Swap Data Recordkeeping and Reporting Requirements, (**the Consultation Papers**), published on 20 February 2020.

The GFXD was formed in co-operation with the Association for Financial Markets in Europe ('AFME'), the Securities Industry and Financial Markets Association ('SIFMA') and the Asia Securities Industry and Financial Markets Association ('ASIFMA'). Its members comprise 25 global FX market participants,¹ collectively representing the majority of the FX inter-dealer market.²

¹ Bank of America, Bank of New York Mellon, Barclays, BNP Paribas, Citi, Credit Agricole, Credit Suisse, Deutsche Bank, Goldman Sachs, HSBC, JP Morgan, Lloyds, Mizuho, Morgan Stanley, MUFG Bank, NatWest Markets, Nomura, Northern Trust, RBC, Scotiabank, Standard Chartered Bank, State Street, UBS, Wells Fargo and Westpac.

² According to Euromoney league tables.

The FX market is the world's largest financial market. Effective and efficient exchange of currencies underpins the world's entire financial system. Many of the current legislative and regulatory reforms have had, and will continue to have, a significant impact upon the operation of the global FX market, and the GFXD wishes to emphasise the desire of our members for globally co-ordinated regulation which we believe will be of benefit to both regulators and market participants alike.

The global FX market presents some unique challenges for trade reporting when compared with other asset classes. FX forms the basis of the global payments system and as such both the number of market participants and the volume of transactions are high. Notional turnover, per the last BIS report, is US\$6.6 trillion/day.³

The high number and diversity within the participants of the global FX market presents many practical challenges in ensuring that those that are required to report can do so. As the FX market is global in nature, the reporting of a transaction will often be required to multiple jurisdictions, and any variation in the trade reporting requirements will be required to be adopted by either one, or both, parties to the transaction usually resulting in increased costs and increased operational risks.

The GFXD has consistently promoted and supported efforts to align global trade reporting standards as we believe that consistent trade reporting requirements offer regulators the best opportunity to oversee trading practices and market transparency.

Executive Summary

The GFXD welcomes the Commission's review of real-time and swap-data reporting, and would like to emphasise the following points:

- 1. We encourage the CFTC to implement the CPMI-IOSCO technical standards faithfully wherever possible and minimise the need for US variations. Use of a globally harmonised and explicitly defined set of reporting standards will increase data quality and reduce operational challenges for the industry.**
- 2. We support the CFTC's efforts to work with other major jurisdictions, such as the EU (which is currently consulting on similar changes) to harmonise reporting rules, for example via the adoption of the CPMI-IOSCO technical standards and a move to T+1 reporting (which should begin after allocations,**

³ https://www.bis.org/statistics/rpfx19_fx.htm

- where applicable). Our members operate on a cross-border basis, meaning that differing standards and timelines for implementation increase inefficiency and cost and jeopardise the potential for improvements in data quality.
3. We believe that some adjustments will be needed to the CFTC's proposals on block and cap sizes. For example:
 - a. The thresholds may be too high;
 - b. Analysis for the FX asset class should be based on FX Non-Deliverable Forwards and FX Options only;
 - c. It may be appropriate to use different calculation methods per asset class;
 - d. We request further industry engagement on the data set used by the CFTC for their analysis noting that whilst notional may be a good proxy for liquidity for some products, this may not be the case for all products.
 4. We support the 48-hour deferral period for block trades to assist with hedging. We do not agree that that caps should be removed after 6 months.
 5. We propose some modifications to the provisions addressing reporting of prime broker transactions, to reduce ambiguity.
 6. We agree that there should be a minimum 12 month implementation period from the publication of the final rules and that the CFTC notifies the industry with a suitable lead time for any subsequent changes. However, we believe that this should also apply to the Unique Transaction Identifier (UTI). The changes proposed in these consultations are extremely significant and will have global implications for market participants. At a minimum, the timelines should be coordinated with the EU, and should give the industry sufficient time to build and test their implementation. The changes to Part 49 should then follow only after the changes to Parts 43 and 45 have been suitably embedded.

We have provided more detail in response to the individual questions in each consultation.

Comments on Part 43: the Real-Time Public Reporting Requirements

The Commission requests comment on all aspects of the proposed changes to § 43.2.

For FX, the Global Financial Markets Associations (GFMAs) Global Foreign Exchange Division (GFXD) does not have any additional comments on this question.

The Commission requests specific comment on the following:

(1) Does the Commission’s proposed definition of “execution date” present problems for SEFs, DCMs, SDRs, or reporting counterparties? Should the Commission instead adopt a definition that aligns with other regulations, including, for instance, the definition of “day of execution” in § 23.501(a)(5)(i)

For FX, the GFXD considers the proposed definition of “execution date” to be suitable and agrees that it should align with the definition proposed in the CFTC’s Amendments to the Swap Data Recordkeeping and Reporting Requirements. We do not believe that it needs to align with other definitions.

The Commission requests comment on all aspects of the proposed changes to § 43.3.

The GFXD does not have any comments on this question.

In addition, the Commission requests specific comment on the following:

(2) Instead of permitting a delay for PPS, should reporting counterparties be required to submit PPSs ASATP after execution using the Post-priced swap indicator (59), leaving the price empty and then be required to update that entry after the price is determined?

The GFXD does not have any comments on this question.

(3) Should the Commission permit an indefinite delay for reporting STAPD for PPSs? In other words, should reporting such data be required only once the price and/or other Variable Terms is/are known regardless of how long that takes? The Commission notes that such swaps could be flagged on the public tape as PPSs once reported. Alternatively, should the Commission set a shorter deadline for reporting STAPD for PPS?

The GFXD does not have any comments on this question.

(4) Should the Commission exclude from the PPS definition and/or from the reporting delay in proposed § 43.3(a)(4) swaps for which a price is not known at execution because it is contingent upon the outcome of SD hedging? Would permitting such swaps to receive the reporting delay in proposed § 43.3(a)(4) cause market participants to intentionally delay reporting in reliance on the need to hedge a swap where such market participants do not delay their reporting under current Commission reporting regulations?

The GFXD does not have any comments on this question.

(5) Should market participants be required to rely on the Commission’s block trade reporting delays and capping and rounding rules, rather than proposed § 43.3(a)(4), to avoid the front-running concerns discussed above in section II.C.2.? Conversely, are the CEA’s provisions and the Commission’s regulations sufficient to deter market participants from intentionally altering their behavior to delay their reporting of swaps for which a price is not known at execution because it is contingent upon the outcome of SD hedging?

The GFXD does not have any comments on this question.

(6) Should the Commission modify its PPS indicator in appendix C, or add another indicator, to require market participants to indicate whether a swap is a PPS because it is contingent upon the outcome of SD hedging?

The GFXD does not have any comments on this question.

(7) Should the Commission modify its PPS indicator, or add another indicator, to require market participants to indicate whether a swap is a PPS based on other common reasons, such as the price being determined based on the volume-weighted average price (also known as “VWAP”) of an index level at market close?

The GFXD does not have any comments on this question.

(8) The Commission understands that trade at settlement (“TAS”) futures orders¹⁰⁴ are displayed to the market when entered, in contrast to PPS executions under proposed § 43.3(a)(4). Do the similarities between PPSs and TAS futures orders warrant reporting PPSs when executed, rather than by the deadline specified in proposed § 43.3(a)(4)? Conversely, do PPSs’ relative illiquidity vis-à-vis TAS futures orders warrant the reporting delay in proposed § 43.3(a)(4)?¹⁰⁵

The GFXD does not have any comments on this question.

(9) Did the Commission accurately describe the prime brokerage swap transaction structures discussed above? Should the real-time public tape reflect the number of mirror swaps related to a given trigger swap to provide information to the public on the number of prime brokerage swap transaction structures with multiple mirror swaps? Would such an indicator provide useful information to market participants?

The GFXD supports the response made by the International Swaps and Derivatives Association (ISDA) and the Securities Industry and Financial Markets Association (SIFMA).

(10) Should the Commission scale back the scope of the exclusion of mirror swaps from the PRST definition in proposed § 43.3(a)(6)(i) such that each of the following swaps would be PRSTs: (a) swaps executed as part of partial reverse give-up arrangements and/or (b) swaps executed as part of other prime brokerage transaction structures in which the notional amount of a mirror swap may differ from the notional amount of the corresponding trigger swap? Should the Commission scale back the scope of the exclusion of mirror swaps from the PRST definition in proposed § 43.3(a)(6)(i) such that the exclusion would be limited to “plain vanilla” mirror swaps?

The GFXD supports the response made by ISDA and SIFMA.

(11) If a SD executed one or more swaps to hedge a swap that the SD had executed with a counterparty, and the hedging swap(s) was/were executed at the same price as the swap being hedged, the hedging swap(s) generally would be a PRST or PRSTs and, thus, subject to part 43 reporting.¹⁰⁶ Given the similarity of such transaction structures to trigger swap-mirror swap transactions structures, is it appropriate to treat mirror swaps as non-PRSTs pursuant to proposed § 43.3(a)(6)?

The GFXD supports the response made by ISDA and SIFMA.

(12) Should the Commission modify proposed § 43.2(a) to include a carve out for prime brokerage service fees to reflect that such fees might not be included in all such mirror swaps?

The GFXD supports the response made by ISDA and SIFMA.

(13) Is the proposed definition of “prime broker” sufficient and clear enough to accurately describe the term as understood in common industry practice? Is it sufficiently narrow to limit the non-reporting of mirror swaps to transactions involving “prime brokers,” as that term is understood in the market? If the Commission should propose a different definition of “prime broker,” what should that definition be?

The GFXD supports the response made by ISDA and SIFMA.

(14) In order to ensure data quality, should the Commission mandate a certain standard for reporting to the SDRs? If so, what standard should the Commission

mandate and what would be the benefits of mandating this standard? If not, why should the Commission not mandate a standard?

For FX, the GFXD believes that the proposed reporting standards, if fully implemented, should be sufficient to ensure standardised reporting.

The Commission requests comment on all aspects of the proposed changes to § 43.4.

For FX, the GFXD does not support the CFTC's proposal to adopt a flexible approach to determining cap sizes. We believe that this will create additional operational burdens for limited benefits. We believe that this will be difficult to implement and operationalise especially from a trading/risk management perspective. We suggest that a more suitable approach may be for the CFTC to assess the cap sizes annually but not look to change the cap sizes more than once a year.

With respect to the draft cap size table themselves we noted the following:

- Without having access to the data set used by the CFTC in its analysis it is difficult for us to comment on the processes used to calculate both block and caps and recommend that more clarity is provided to the industry. However, noting that Part 43 for the FX asset class applies only to FX Non-Deliverable Forwards and FX Options we were not expecting there to be such a significant variance between the numbers in use today and the draft block and caps. This obviously represents a considerable change and the impact of which may not be fully clear to all market participants.
- Whilst notional may be a good proxy for liquidity for some products, this may not be the case for all products. We also suggest that the notionals for FX Non-Deliverable Forwards and FX Options are not aggregated and are considered distinct.
- Several currencies which were in the original block/cap tables, (for example G10 currencies such as CHF), are not in the draft block/cap tables. These currencies would now fall into the 'limited trading activity' bucket which was surprising to us.
- Several new currencies have been included within the draft table. GFXD member feedback, especially noting the emerging market and therefore more volatile nature of some of these currencies, suggests that the draft block and cap sizes as calculated for these new currencies are high and could impact market processes such as hedging. A recommendation could be to lower both the block and cap sizes for these more illiquid currencies proportionally.
- The caps for the limited trading activity bucket 'others' are set at USD 150million. . Given that these currencies are deemed to be the least liquid, and the suggested zero block size is not unwelcome, we would have expected the cap to be lower than those

provided for the 20 most traded currencies. This is not the case and will likely result in additional transparency for less liquid currency pairs and therefore create challenges for market participants when it comes to hedging their positions – a consideration that is recognised by the CFTC in other sections of this consultation.

In addition, the Commission specifically requests comment on the following:

(15) Each of § 43.4(f)(1)-(9) directs an SDR to “round” to the nearest specified amount, rather than to round up or down to the nearest specified amount. Should the Commission specify in proposed §§ 43.4(f)(1)-(9) that an SDR must round up, or down, to the nearest specified amount and in which circumstances an SDR must round up or down to the nearest specified amount? If so, what rounding convention should the Commission specify?

For FX, we do not have any comments on this question noting that that the rounding amendments proposed by the CFTC apply to notionals greater than the proposed cap sizes for FX.

(16) Should the Commission require the removal of any caps that were applied pursuant to § 43.4(h) after six months and thereby reveal the actual notional amount of any capped amounts once six months has passed? Would six months be long enough to mitigate any anonymity concerns?

For FX, the GFXD does not believe that caps should be removed after any period.

As recognised by the CFTC, caps are of value in protecting the ability of liquidity providers to manage and hedge any risk exposures without compromising anonymity. Large trades - for instance those executed to facilitate a M&A transaction - are typified by their illiquid and potentially market sensitive nature and the ability to successfully manage any risk could be compromised if a cap were removed, even after a well-defined period.

The Commission requests comment on all aspects of the proposed changes to § 43.5.

For FX, the GFXD supports the CFTCs proposal to extend the delay the public dissemination for all block trades to 48 hours.

In particular, the Commission requests comment on the following:

(17) The Commission understands that for many trades that meet the definition of a block trade, the hedging process is often completed as quickly as possible and

typically by the end of the trading day in which the block trade is executed so that the liquidity provider can establish its profit or loss on the transaction. On the other hand, some block trades that are very large in size or have unique characteristics could take longer than a single trading period to hedge. To balance the competing interest of price discovery and allowing hedging to occur, should the Commission consider two delay periods? For example, would a 15 minute, one hour, end of day, or 24 hour time delay be appropriate for swaps that fall within a 67 percent to 90 or 95 percent of the total notional amount of transactions range, while block trades that exceed the higher level would have a 48 hour time delay? If so, what would be the appropriate ranges for the total notional amounts and time delay periods? The Commission invites comments on all aspects of the block delay, including how the Commission should analyze swaps in each asset class for the purpose of analyzing the block delay with respect to data sets and methodologies, among other factors.

For FX, the GFXD believes that the CFTC should support one single time delay and that should be 48 hours. We do not believe that there will be benefits given the operational complexity in maintaining different time delays, noting that these delays will be a factor within the trade execution process, and for fast-paced markets like FX this will lead to additional inefficiencies for minimal benefits.

The Commission requests comment on all aspects of the proposed changes to § 43.6.

For FX, the GFXD notes that the proposed amendments to § 43.6 introduce significant changes for the FX markets, the amendments being based upon 2018-2019 SDR data.

Based upon current market events, the data used in the assessment is likely to be different to the actual FX Option and Non-Deliverable Forward (NDF) activity seen in 2020, both in numbers of transactions, counterparty activity and notional sizes. We request that the CFTC considers this change in its subsequent decision making.

Given that FX is a cross-border market, noting as mentioned earlier that 56% of the market is executed across borders⁴, we also suggest that any processes to increase transparency through public reporting are coordinated with regulatory peers in other jurisdictions to ensure that data that may be deemed market-sensitive in one jurisdiction is not made public in another, especially as some of the proposed US draft block/cap sizes are considerably different to the current levels, in some examples, many, many multiple times higher and that new

⁴ https://www.bis.org/statistics/rpfx19_fx.htm

currencies, most notable emerging market currencies, have been added to the draft block/cap tables.

We also suggest that, given the treatment of block trades for products deemed to trade on SEF via a made available to trade determination, should at any stage in the future a FX product be considered for such determination that the block sizes are revisited to ensure that any determinations do not have a detrimental impact upon the FX markets.

With respect to the draft block size table itself we noted the following:

- Without having access to the data set used by the CFTC in its analysis it is difficult for us to comment on the processes used to calculate both block and caps and recommend that more clarity is provided to the industry. However, noting that Part 43 for the FX asset class applies only to FX Non-Deliverable Forwards and FX Options we were not expecting there to be such a significant variance between the numbers in use today and the draft block and caps. This obviously represents a considerable change and the impact of which may not be fully clear to all market participants.
- Whilst notional may be a good proxy for liquidity for some products, this may not be the case for all products. We also suggest that the notionals for FX Non-Deliverable Forwards and FX Options are not aggregated and are considered distinct.
- Several currencies which were in the original block/cap tables, such as CHF, are not in the draft block/cap tables. As such, these currencies would now fall into the 'limited trading activity' bucket which was surprising to us.
- Several new currencies have been included within the table. GFXD member feedback, especially noting the emerging market and therefore more volatile nature of some of these currencies, suggests that the draft block and cap sizes as calculated are high and could impact market processes such as hedging. A recommendation could be to lower both the block and cap sizes for these more illiquid currencies proportionally.

(18) Would the proposed new other commodity categories be useful to SDRs and counterparties? Please explain why or why not.

The GFXD does not have any additional comments on this question.

(19) Are there other categories the Commission should add or remove for other commodities? Please explain any recommendations to add or remove a category.

The GFXD does not have any additional comments on this question.

(20) The Commission is proposing minor updates to the methodologies for calculating AMBS and cap sizes. Should the Commission consider other changes to the methodologies? Please provide examples and data, where possible.

The GFXD does not have any additional comments on this question

The Commission requests comment on all aspects of the proposed changes to § 43.7.

The GFXD does not have any additional comments on this question.

(21) Do the Commission's proposed amendments to the current § 43.6(h) aggregation prohibition create any problems for market participants?

The GFXD does not have any additional comments on this question.

(22) Should the Commission retain the \$25 million assets under management eligibility requirement? Please explain in detail why the Commission should or should not retain the eligibility requirement.

The GFXD does not have any additional comments on this question.

The Commission invites comment on any of the swap data elements proposed in appendix C (p115).

For FX, the GFXD does not have any additional comments on this question.

The Commission requests specific comment on the following related to clearing data elements for public dissemination:

(23) Should the Commission publicly disseminate any additional data elements related to clearing, including the DCO where the swap is intended to be cleared? Please provide comment on any challenges market participants would face in reporting this information for PRSTs.

The GFXD does not have any additional comments on this question.

The Commission requests specific comment on the following related to clearing data elements for package transactions:

(24) The 2019 Part 45 NPRM requests specific comment on whether the Commission should adopt additional data elements related to package transactions according to the CDE Technical Guidance. Should the Commission also require SDRs to publicly disseminate the additional data elements related to package transactions? Do any of the Commission’s proposed package transaction data elements create implementation challenges for SDRs?

The GFXD does not have any additional comments on this question.

The Commission requests comment on all aspects of the proposed STAPD elements in appendix C and DMO’s proposed technical standards and validation conditions.

The GFXD does not have any additional comments on this question.

The Commission also requests specific comment on the following:

(25) In the 2012 RTR Final Rule, the Commission stated that public dissemination was not “presently required” for among other types, swaps generated by portfolio compression exercises that would not provide price discovery benefits to the public. Since 2012, market participants have engaged in more complex activities, with some similarities to compression exercises, which are generally referred to as “risk reduction services.” The Commission understands that parties that facilitate risk reduction services, including SEFs, have reported under part 43 any new swaps that are created as the result of their risk-reduction services. Should the Commission require swaps resulting from risk reduction services be indicated using a unique identifier or flag on the real-time public tape to indicate the price may not reflect current market prices?

For FX, the GFXD does not have any additional comments on this question.

The Commission requests comment on all aspects of a one year compliance date.

In relation to the implementation timeline for the rest of the proposed changes, 12 months from publication of the final rules should be the minimum period. We also note, per our response the Commission’s consultation on Part 49⁵, that the changes to the field specifications in Parts 43 and 45 should be implemented and allowed to embed before the validation changes under Part 49 are implemented.

⁵ <https://www.gfma.org/wp-content/uploads/2020/04/20200127-gfxd-response-to-cftc-sdr-cp-final.pdf>

The Commission requests comment on its consideration of the costs and benefits of proposed § 43.3(a)(4), including regarding issues and questions specifically identified below. Please provide data, statistics, or other supporting information for positions asserted.

The GFXD does not have any comments on this question.

(26) Are there additional costs or benefits that the Commission should consider? If so, please identify and, where quantifiable, provide data or other information to assist the Commission in quantifying them.

The GFXD does not have any comments on this question.

(27) Are there alternatives that would generate greater benefits and/or lower costs?

The GFXD does not have any comments on this question.

(28) What percentage of PPSs have their prices determined by midnight on the date of execution (by asset class and overall)? What percentage of Variable Terms Swaps have their prices determined by midnight on the date of execution (by asset class and overall)? Do market participants have trouble reporting, and do SDRs have difficulty disseminating, PPS trades, because the placeholder terms of the swaps (including, but not limited to, placeholder values such as zero or blank fields) are inconsistent with SDRs' allowable values?

The GFXD does not have any comments on this question.

(29) Do market participants have an estimate for the number of swaps that may shift to PPS if the Commission grants PPS a reporting delay?

The GFXD does not have any comments on this question.

The Commission requests comment on its consideration of the costs and benefits of proposed § 43.3(a)(5), including regarding issues and questions specifically identified below. Please provide data, statistics, or other supporting information for positions asserted.

The GFXD does not have any comments on this question.

(30) Are there additional costs or benefits that the Commission should consider? If so, please identify and, where quantifiable, provide data or other information to assist the Commission in quantifying them.

The GFXD does not have any comments on this question.

(31) Are there alternatives that would generate greater benefits and/or lower costs?

The GFXD does not have any comments on this question.

(32) Are there additional situations in which a DCO would be the reporting counterparty to a PRST that the Commission has not considered? Please specify any scenarios, along with the frequency with which they occur. Would these scenarios result in additional costs for DCOs if the Commission were to require DCOs to be the reporting counterparties?

The GFXD does not have any comments on this question.

(33) What are the costs of requiring DCOs to report clearing swaps that are PRSTs? Please specify all expected one-time and ongoing compliance costs. What are the reporting costs faced by the parties that are reporting these trades under the current regulations?

The GFXD does not have any comments on this question.

The Commission requests comment on its consideration of the costs and benefits of proposed § 43.3(a)(6), including regarding issues and questions specifically identified below. Please provide data, statistics or other supporting information for positions asserted.

The GFXD supports the response made by ISDA and SIFMA.

(34) Are there additional costs or benefits that the Commission should consider? If so, please identify and, where quantifiable, provide data or other information to assist the Commission in quantifying them.

The GFXD supports the response made by ISDA and SIFMA.

(35) Are there alternatives that would generate greater benefits and/or lower costs?

The GFXD supports the response made by ISDA and SIFMA.

(36) Can the double-reporting concerns be addressed by the alternative of adding an additional reporting field to indicate if a swap is a trigger or a mirror? If so, what are costs and benefits of this alternative approach relative to what is being proposed?

The GFXD supports the response made by ISDA and SIFMA.

(37) How common are mirror swaps? What percentage are “plain vanilla” as characterized above as compared to more complex scenarios? What would the cost-benefit differences be between plain vanilla and non-plain vanilla mirror swaps?

The GFXD supports the response made by ISDA and SIFMA.

The Commission requests comment on its consideration of the costs and benefits of proposed § 43.3(c). Please provide data, statistics, or other supporting information for positions asserted. (p146)

The GFXD does not have any comments on this question.

The Commission requests comment on its consideration of the costs and benefits of proposed § 43.3(d), including regarding issues and questions specifically identified below. Please provide data, statistics or other supporting information for positions asserted.

The GFXD does not have any comments on this question.

(38) Are there additional costs or benefits that the Commission should consider? If so, please identify and, where quantifiable, provide data or other information to assist the Commission in quantifying them.

The GFXD does not have any comments on this question.

(39) Are there alternatives that would generate greater benefits and/or lower costs?

The GFXD does not have any comments on this question.

P154 The Commission requests comment on its consideration of the costs and benefits of proposed § 43.3(f), including regarding issues and questions specifically identified

below. Please provide data, statistics, or other supporting information for positions asserted.

The GFXD does not have any comments on this question.

(40) Are there additional costs or benefits that the Commission should consider? If so, please identify and, where quantifiable, provide data or other information to assist the Commission in quantifying them.

The GFXD does not have any comments on this question.

(41) Are there alternatives that would generate greater benefits and/or lower costs?

The GFXD does not have any comments on this question.

(42) What would the costs be (both initial and on-going) for establishing and maintaining automated validation systems? What percentage of reporting entities would establish and maintain automated systems to manage validations? Please provide information on the basis for those estimates.

The GFXD does not have any comments on this question.

The Commission requests comment on its consideration of the costs and benefits of proposed § 43.4(f), including regarding issues and questions specifically identified below. Please provide data, statistics, or other supporting information for positions asserted.

The GFXD does not have any comments on this question.

(43) Are there additional costs or benefits that the Commission should consider? If so, please identify and, where quantifiable, provide data or other information to assist the Commission in quantifying them.

The GFXD does not have any comments on this question.

(44) Are there alternatives that would generate greater benefits and/or lower costs?

The GFXD does not have any comments on this question.

(45) Would benefits be greater or costs reduced if the ranges covered by rounding and the round-off amounts were currency-specific (i.e., different for different currencies) and/or commodity-specific? If so, please explain and provide supporting data or other information.

The GFXD does not have any comments on this question.

(46) What are the costs and benefits to alternative mechanisms to choose the currency-specific rounding amounts? For example, should all amounts be in USD equivalents, and then apply the same rounding as USD?

The GFXD does not have any comments on this question.

The Commission requests comment on its consideration of the costs and benefits of proposed § 43.4(g), including regarding issues and questions specifically identified below. Please provide data, statistics, or other supporting information for positions asserted.

The GFXD does not have any comments on this question.

(47) Are there additional costs or benefits that the Commission should consider? If so, please identify and, where quantifiable, provide data or other information to assist the Commission in quantifying them.

The GFXD does not have any comments on this question.

(48) Are there alternatives that would generate greater benefits and/or lower costs?

The GFXD does not have any comments on this question.

(49) Would benefits be greater or costs reduced if the 75-percent notional amount calculation method was replaced with an alternative method to identifying the cap threshold? Should there be a different method applied to caps and blocks since they are designed to accomplish different objectives? If so, please explain and provide supporting data or other information.

The GFXD does not have any comments on this question.

(50) For the other commodity swap category (for which swaps are often measured in physical units), swaps have a block size equal to zero, and there is a fixed cap size

denominated in USD notional. For such swaps, what are the costs to SDRs to convert the notional amount into USD to determine whether the trade meets the cap threshold?

The GFXD does not have any comments on this question.

The Commission requests comment on its consideration of the costs and benefits of proposed § 43.5(c), including regarding issues and questions specifically identified below. Please provide data, statistics, or other supporting information for positions asserted.

The GFXD does not have any comments on this question.

(51) Are there additional costs or benefits that the Commission should consider? If so, please identify and, where quantifiable, provide data or other information to assist the Commission in quantifying them.

The GFXD does not have any comments on this question.

(52) Are there alternatives that would generate greater benefits and/or lower costs?

The GFXD does not have any comments on this question.

(53) Should the Commission expect the distribution of costs and/or benefits to significantly vary across swap categories? If so, please provide specific examples and a discussion of the differences.

The GFXD does not have any comments on this question.

(54) What is the hedging cost savings from delaying the revelation of large trades? Could similar savings be realized in any swap category if the delay was less than 48 hours?

The GFXD does not have any comments on this question.

(55) What factors make it more or less likely that intermediaries will pass hedging cost savings resulting from delaying the revelation of large trades to their clients?

The GFXD does not have any comments on this question.

(56) What costs (e.g., reduced liquidity, bad pricing, wide spreads) are being incurred under the status quo regime? Please provide detailed information regarding the basis of those estimates.

The GFXD does not have any comments on this question.

The Commission requests comment on its consideration of the costs and benefits of proposed § 43.6(e), including regarding issues and questions specifically identified below. Please provide data, statistics, or other supporting information for positions asserted.

The GFXD does not have any comments on this question.

(57) Are there additional costs or benefits that the Commission should consider? If so, please identify and, where quantifiable, provide data or other information to assist the Commission in quantifying them.

The GFXD does not have any comments on this question.

(58) Are there alternatives that would generate greater benefits and/or lower costs?

The GFXD does not have any comments on this question.

(59) What is the increased cost due to earlier revelation of trades that will no longer be subject to block treatment?

The GFXD does not have any comments on this question.

(60) From an economic perspective, are there additional swap categories that should be considered that would significantly change the cost and benefits?

The GFXD does not have any comments on this question.

(61) Would benefits increase or costs decrease if the sample used to calculate AMBS excluded some parts of the year that might have uncharacteristic trading patterns (e.g., if the sample of CDS trades excluded dates when CDS indexes roll (which happens twice a year for the major indexes))? Are there any similar events for other asset classes? Please provide detailed information regarding the estimated impact on resulting benefits and costs.

The GFXD does not have any comments on this question.

(62) Would benefits increase or costs decrease if the Commission adopted a flexible method to evaluate AMBS and adjust accordingly to reflect changes in trading patterns? Please provide information regarding the basis of those estimates.

The GFXD does not have any comments on this question.

More accurate part 43 data would be helpful to researchers who might use it to improve the public's understanding of how swap markets function with respect to market participants, other financial markets, and the overall economy. Further, better and more accurate data would likely improve the Commission's regulatory oversight and enforcement capabilities. The Commission requests comment on all aspects of the analysis of these five factors.

The GFXD does not have any comments on this question.

In addition, the Commission requests specific comment on the following:

(63) Are there other effects on these five factors that are likely to result from the proposed rule changes? Please provide quantification if possible, along with information regarding the basis of that quantification.

The GFXD does not have any comments on this question.

Comments on Part 45: the Swap Data Recordkeeping and Reporting Requirements

The Commission requests comments on all aspects of the proposed changes to § 45.1. The Commission also invites specific comment on the following:

The GFXD has no additional comments to make.

(1) Does the Commission's proposed definition of "execution date" present problems for SEFs, DCMs, SDRs, or reporting counterparties? Should the Commission instead adopt a definition that aligns with other regulations, including, for instance, the definition of "day of execution" in § 23.501(a)(5)(i)?

The GFXD considers the proposed definition of “execution date” to be suitable and agrees that it should align with the definition proposed in the CFTC’s Amendments to Real-Time Public Reporting. We do not believe that it needs to align with other definitions.

The Commission requests comment on all aspects of the proposed changes to § 45.3.

The GFXD has no additional comments to make.

The Commission also invites specific comment on the following:

(2) Is the Commission’s proposed T+1 deadline for reporting required swap creation data appropriately harmonized with the deadlines set by other regulators and jurisdictions?

Yes, the GFXD supports the proposed T+1 deadline. FX is a global market, with 56% of transactions occurring cross border⁶, meaning that the same trade is often reportable in multiple jurisdictions. Moving to a T+1 deadline will create a more harmonised global regulatory environment. For example, the reporting deadlines within the EU EMIR and MiFIR post trade reporting obligations is T+1.

However, we request clarity in the text that, for allocations, T+1 begins upon receipt of the allocations, rather than from execution, given that allocations may not be provided for up to 8 hours.

(3) Does the Commission’s proposed T+1 deadline create any problems for SEFs, DCMs, SDRs, or reporting counterparties by referencing eastern time? Should the Commission instead adopt a definition that aligns with other regulations, including, for instance, the definition of “day of execution” in § 23.501(a)(5)(i)?⁸⁴

As noted in our response to questions 1 and 2, the GFXD does not see a requirement for additional changes to the definitions and supports the T+1 deadline.

(4) Do any of the Commission’s proposed changes to the timing deadlines for reporting required swap creation data in § 45.3 raise issues with the sequencing of messages for SDRs that could compromise data quality? For instance, could a T+1 deadline for reporting original swaps and clearing swaps create problems for SDRs in processing swap terminations? Could the 8-hour delay for the allocation agent

⁶ https://www.bis.org/statistics/rpfx19_fx.htm

notifying the reporting counterparty of the actual counterparty's identity create timing message sequencing issues for allocation reporting?

No, the GFXD does not envisage additional issues to be created by the proposed changes.

The Commission requests comment on all aspects of the proposed changes to § 45.4.

The GFXD has no additional comments to make.

The Commission also invites specific comment on the following:

(5) Are the Commission's proposed T+1 and T+2 deadlines for reporting required swap continuation data appropriately harmonized with the deadlines set by other regulators and jurisdictions to benefit market participants? Do the Commission's proposed T+1 and T+2 deadlines for reporting required swap continuation data create any operational issues for reporting counterparties that the Commission has not considered?

As noted in our response to question 2, the GFXD supports the proposed deadline. FX is a global market, with 56% of transactions occurring cross border⁷, meaning that the same trade is often reportable in multiple jurisdictions. Moving to a longer deadline will create a more harmonised global regulatory environment.

(6) Is the requirement to report margin and collateral data without distinction for whether a swap is cleared or uncleared redundant with existing part 39 reporting requirements for cleared swaps? Are there efficiencies for reporting counterparties to submit both cleared and uncleared margin and collateral data together to SDRs?

The GFXD has no comments in response to this question.

(7) Does the Commission's proposal to no longer require non-SD/MSP/DCO reporting counterparties to report valuation data raise any concerns about the Commission's ability to monitor systemic risk in the U.S. swaps market?

The GFXD supports the response made by ISDA and SIFMA.

The Commission requests comment on all aspects of the proposed changes to § 45.5.

⁷ https://www.bis.org/statistics/rpfx19_fx.htm

The GFXD supports the CFTC's decision to implement the global Unique Transaction Identifier (UTI) standard. However, we are concerned that if the CFTC is to implement the UTI in a way which conflicts with a globally harmonised generation hierarchy, or in a timeframe which is not coordinated with other major jurisdictions (such as the EU), this would run counter to the purpose and benefits of the UTI as a single, universal standard. It would also place significant extra cost and complexity on the industry, who would still be required to build and maintain separate UTI systems and logic for each jurisdiction.

In light of this, the GFXD supports the response made by ISDA and SIFMA.

The Commission requests comment on all aspects of the proposed changes to § 45.6.

The GFXD is strongly concerned by the proposal that the reporting party should be responsible for obtaining and maintaining LEIs for any of their counterparties who do not have an LEI.

Not only does this disincentivise smaller counterparties from obtaining their own LEI, it would also place an administrative and financial burden on reporting parties. Furthermore, it is likely to create unintended operational issues, such as where two or more reporting parties attempt simultaneously to create an LEI for the same counterparty. This scenario is likely to occur due to counterparties trading with multiple counterparties at the same time.

Instead, we suggest that the CFTC follows the approach taken by the EU, in which counterparties must be identified by an LEI in reporting⁸, but each counterparty (whether a reporting party or not) must obtain and maintain their own LEI. If a counterparty does not obtain a LEI, its transactions cannot be reported. Consequently, the counterparty without an LEI is prevented from entering into reportable transactions. While this required a suitable implementation period and extensive education effort to smaller counterparties, especially from jurisdictions where an LEI is not required, this “No LEI, No Trade” approach has proved successful.

The Commission also invites specific comment on the following:

(8) Should the Commission expand requiring LEIs to be renewed annually beyond SDs, MSPs, SEFs, DCMs, DCOs, and SDRs? Please explain why or why not, including specification of any material costs or benefits.

⁸ See the technical standards for MIFIR transactions reporting, Commission Delegated Regulation 2017/590

No, the GFXD believes that only reporting parties should be obliged under these regulations to renew their LEIs. It should not be the responsibility of a reporting party to ensure that the LEI of any of its counterparties are renewed, as this creates an undue administrative burden upon reporting parties. Per our general comments above on §45.6, counterparties should be incentivised to obtain and maintain their LEI through a “No LEI, No Trade” approach, such as that adopted in the EU.

(9) Are there other ways to ensure that an LEI is obtained and reported for a counterparty without an LEI, but is eligible for an LEI, other than each DCO and each financial entity reporting counterparty potentially being required to obtain an LEI on behalf of the counterparty through third-party registration?

Per our general comments above on §45.6, counterparties should be incentivised to obtain and maintain their LEI through a “No LEI, No Trade” approach, such as that adopted in the EU.

The Commission requests comment on all aspects of the proposed changes to § 45.10

The GFXD has no additional comments to make.

(10) Would the Commission’s proposal to permit reporting counterparties to change SDRs raise any operational issues for reporting counterparties, SDRs, or non-reporting counterparties?

No, the GFXD does not believe that this would raise any operational issues.

(11) Should the Commission adopt additional requirements to ensure that a reporting counterparty’s choice to change SDRs does not result in the loss of any data or information?

No, the GFXD does not believe that additional requirements should be adopted.

The Commission requests comment on all aspects of the proposed changes to § 45.11.

The GFXD has no comments in response to this question.

The Commission requests comment on all aspects of the proposed changes to § 45.12.

The GFXD has no comments in response to this question.

The Commission requests comment on all aspects of the proposed changes to § 45.13.

The GFXD has no comments in response to this question.

The Commission also invites specific comment on the following:

(12) Should the Commission provide a limited exception to the validation requirements for swaps that, for instance, may be a new type of swaps that may fall within one of the five asset classes, but for which swap data reporting standards have not yet been adopted?

Yes, the GFXD agrees that this exception should be in place, although in practice it may have limited use.

(13) Even with technical standards published by the Commission, there is a risk of inconsistent data across SDRs if the Commission allows the SDRs to specify the facilities, methods or data standards for reporting. In order to ensure data quality, should the Commission mandate a certain standard for reporting to the SDRs? If so, what standard would you propose and what would be the benefits? If not, why not?

The GFXD believes that the proposed reporting standards, if fully implemented, should be sufficient to ensure standardised reporting. Similarly, the GFXD encourages the CFTC not to deviate from the CPMI-IOSCO reporting standards where it has chosen to implement those elements. This will reduce complexity for market participants and ensure a globally consistent data set for regulators.

(14) The CPMI-IOSCO Governance Arrangements for critical OTC derivatives data elements (other than UTI and UPI) ("CDE Governance Arrangements"), assigned ISO to execute the maintenance functions for the CDE data elements included in the CDE Technical Guidance. Some of the reasons include that almost half of the CDE data elements are already tied to an ISO standard and because ISO has significant experience maintaining data standards, specifically in financial services. CPMI and IOSCO, in the CDE Governance Arrangements, also decided that the CDE data elements should be included in the ISO 20022 data dictionary and supported the development of an ISO 20022-compliant message for CDE data elements. Given these factors, should the Commission consider mandating ISO 20022 message scheme for reporting to SDRs? Please comment on the advantages and disadvantages of mandating ISO 20022 for swap transaction reporting.

The GFXD agrees that the CFTC should consider the benefits of a transition to ISO 20022 message scheme. Since the CDE data elements are to be included in the ISO 20022 data dictionary, this would reduce the mapping required by market participants and third parties during the reporting process.

However, we suggest that this should be done in collaboration with other global regulators, as part of the coordinated adoption of CDE data elements. FX is a global market, with 56% of transactions occurring cross border⁹, meaning that the same trade is often reportable in multiple jurisdictions. We note that ESMA is currently consulting¹⁰ on changes to its EMIR trade reporting rules, including whether to move to ISO 20022 message scheme. It would be extremely advisable for the CFTC and ESMA to come to the same conclusion regarding the possible adoption of ISO 20022, and if going ahead, to coordinate their implementation timelines. This would reduce the operational complexity for global market participants and the risk to data quality from mapping different message schemes in the interim.

The Commission requests comment on all aspects of the proposed changes to § 45.15.

The GFXD has no comments in response to this question.

The Commission requests comment on all aspects of the proposed changes to § 46.1.

The GFXD has no comments in response to this question.

The Commission requests comment on all aspects of the proposed changes to § 46.3.

The GFXD has no comments in response to this question.

The Commission requests comment on all aspects of the proposed changes to § 46.10.

The GFXD has no comments in response to this question.

The Commission requests comment on all aspects of the proposed changes to § 46.11.

The GFXD has no comments in response to this question.

The Commission requests comment on all aspects of the proposed changes to § 49.4.

⁹ https://www.bis.org/statistics/rpfx19_fx.htm

¹⁰ <https://www.esma.europa.eu/press-news/consultations/technical-standards-reporting-data-quality-data-access-and-registration>

The GFXD has no comments in response to this question.

The Commission requests comment on all aspects of the proposed changes to § 49.10.

The GFXD has no comments in response to this question.

The Commission requests specific comment on the following related to the clearing data elements:

(15) The Commission is considering including a data element called “Mandatory clearing indicator” to indicate whether a swap is subject to the clearing requirement in part 50 of the Commission’s regulations. The Commission requests specific comment on whether commenters believe this data element could be reported to SDRs.

The GFXD has no comments in response to this question.

The Commission requests specific comment on the following related to the counterparty data elements:

(16) The CFTC needs the ability to link swap counterparties to their parent entities to aggregate swap data to be able to monitor risk. Given the complicated nature of how some entities are structured within a larger legal entity, the CFTC also needs information related to the ultimate parent entity. The Commission believes this information is necessary to collect for both swap counterparties. The Commission requests specific comment on whether commenters believe this data could be reported as part of swap data reporting. Given the static nature of these relationships, the Commission requests comment on whether reporting counterparties should report parent and ultimate parent information for each swap trade or in a regularly updated (e.g., monthly or quarterly) reference file maintained by SDRs.

The GFXD notes that information on parent and ultimate parent entities is recorded by the Global Legal Entity Identifier Foundation (GLEIF). Given our comments in relation to §45.6 above on mandating LEIs, we believe that imposing additional reporting requirements for this information is therefore unnecessary. The CFTC should instead work with the GLEIF to obtain the data it requires. We believe that leveraging existing public data repositories wherever possible, instead of requiring duplicative reporting of information, should be a key principle for trade reporting regimes.

The Commission requests specific comment on the following related to the event data elements:

(17) Are there ways in which the Commission could harmonize the event model with ESMA's? Would harmonization in this area reduce burdens for SDRs and reporting counterparties? The Commission proposes to require reporting transactions for simultaneous clearing and allocation at a DCO using a new event type of "Clearing and Allocation" in the events model. Is there a more efficient method to report related transactions when a DCO simultaneously clears and allocates transactions?

The GFXD agrees that the CFTC should seek to harmonise its event model with ESMA, but has no specific comments to make in response to this question.

The Commission requests specific comment on the following related to the notional data elements:

(18) The Commission is considering including the notional schedule data elements from the CDE Technical Guidance. The Commission has learned through experience with swap data that notional data elements are applicable to a substantial number of swaps within certain product areas such as energy swaps and amortizing interest rate swaps. Does such concentration exist and, if so, what gaps would exist in the Commission's ability to evaluate and monitor market activity in these areas if notional schedule data elements are inadequately or improperly represented? The Commission requests comment on whether SDRs and reporting counterparties would be able to both accept and report this information.

The GFXD has no comments in response to this question.

(19) The Commission requests specific comment on how SDRs would implement these CDE data elements for reporting counterparties to report notional schedule-related data. Should the Commission mandate a specific reporting structure for reporting notional schedule-related data elements to the SDRs? If so, what standard would you propose and what would be the benefits? If not, why not?

The GFXD has no comments in response to this question.

(20) The Commission is considering requiring reporting counterparties to provide a USD equivalent notional amount that represents the entire overall transaction for tracking notional volume (in addition to leg-by-leg notional data reported pursuant to other proposed data elements). The Commission believes that this additional data

element could allow staff to more effectively assess compliance with CFTC regulations, including but not limited to SD registration and uncleared margin requirements, and help staff more efficiently monitor swap market risk. The Commission specifically requests comment on the frequency with which reporting counterparties should report USD equivalent notional.

The GFXD believes that requiring reporting counterparties to report a USD equivalent notional is an inefficient way for the CFTC to obtain this information and places unnecessary burden on reporting counterparties. Instead, we suggest that the CFTC should make the conversion itself, or require SDRs to do so. This would also ensure that a consistent rate is used for the calculation, which will improve the comparability of the data.

The Commission requests specific comment on the following related to the package data elements in appendix 1:

(21) The Commission is considering including the additional package transaction data elements from the CDE Technical Guidance. The Commission requests comment on whether SDRs and reporting counterparties would be able to both accept and report this information. The Commission requests specific comment on how SDRs would implement these CDE data elements for reporting counterparties to report the data.

The GFXD is supportive of the CFTC's decision to implement package transaction data elements as defined in the CPMI-IOSCO CDE. However, we suggest that the CFTC clarifies that, although a package can comprise both reportable and non-reportable elements, the latter remain non-reportable despite their package status. We also request that the CFTC coordinates with ESMA to ensure that the implementation of the package transaction data elements is consistent across the two jurisdictions.

The Commission requests specific comment on the following related to the price data elements:

(22) The Commission is considering including the price schedule data elements from the CDE Technical Guidance. The Commission has learned through experience with swap data that price data elements are applicable to a substantial number of swaps within certain product areas such as energy swaps and amortizing interest rate swaps. Does such concentration exist and, if so, what gaps would exist in the Commission's ability to evaluate and monitor market activity in these areas if schedule data elements are inadequately or improperly represented? The Commission requests comment on whether SDRs and reporting counterparties would be able to both accept and report this information. The Commission requests specific comment on how SDRs would

implement these CDE data elements for reporting counterparties to report the data. Should the Commission mandate a specific reporting structure for reporting schedule-related data elements to the SDRs? If so, what standard would you propose and what would be the benefits? If not, why not?

The GFXD has no comments in response to this question.

The Commission requests specific comment on the following related to the other product data elements:

(23) The CFTC intends to collect sufficient granular detail on the economic terms of swaps to conduct independent valuation and stress testing analysis. The CFTC will rely on UPI for many product related data elements, but forthcoming UPI standards may not describe some swaps with enough detail to allow the CFTC to independently value the transaction. Are there additional product data elements the CFTC should collect outside of UPI to ensure the CFTC may independently value swaps with sufficient accuracy?

The GFXD supports the response made by ISDA and SIFMA.

The Commission requests specific comment on the following related to the settlement data elements:

(24) Should the Commission include the additional swap data element related to settlement included in the CDE Technical Guidance? Please comment on alternative methods to report offshore currencies that are not included in ISO 4217 currency code list.

The GFXD does not see a need for additional settlement fields. However, if the CFTC wishes to collect additional information on trades involving offshore currencies, we suggest that it considers the inclusion of the CDE field “Settlement Location”. We are strongly against the inclusion of non-ISO 4217 currencies in reporting specifications. The ISO 4217 currency format provides a defined list of allowable values which would ensure standardisation across the industry and prevent potential mismatches between counterparties reporting onshore and offshore values for the same trade. Offshore values should always be mapped to their onshore equivalent, for example CNH to CNY, as is currently the practice in major jurisdictions.

The Commission requests specific comment on the following transaction-related data elements:

(25) Should the Commission include the additional swap data elements related to transaction included in the CDE Technical Guidance? Are there additional transaction-related data elements the Commission should include beyond the CDE Technical Guidance?

The GFXD has no comments in response to this question.

(26) Should the Commission expand the Non-standardized term indicator (82) data element to apply to any non-standard term, regardless of impact on price? Should the Commission instead create a part 45-specific data element for non-standard terms that would not be publicly disseminated, and still have Non-standardized term indicator (82) for real-time public reporting?

The GFXD does not believe that it is necessary to expand the “Non-standardized term indicator” nor to create a specific data element.

(27) The Commission is considering including a data element called “Trade execution requirement indicator” to indicate whether a swap is subject to the Commission’s trade execution mandate. The Commission requests specific comment on whether commenters believe this data element could be reported.

The GFXD has no comments in response to this question.

The Commission requests specific comment on the following related to the valuation data elements:

(28) The Commission is considering including the following valuation data elements that were not included in the CDE Technical Guidance: discount index; discount index tenor period; discount index tenor period multiplier; next floating reference reset date; underlying spot or reference rate. Would reporting counterparties be able to report this information to SDRs each day? Could the Commission obtain this information from different source? Could the Commission require this information less frequently? Is reporting reset dates more efficient than reporting the full calendar generation logic (including business day calendars and reset lookback terms) of swaps?

The GFXD supports the response made by ISDA and SIFMA.

(29) The CFTC intends to collect information to independently validate individual swap values (also known as “mark-to-market” or “fair value”), portfolio aggregated

values, and the value of collateral posted to meet initial and variation margin requirements. One method is to require parties to report the aggregate valuations of all financial instruments (including swaps and other cross margined products) associated with a Collateral Portfolio Code. What other validation and cross referencing information should the Commission collect in addition to the proposed data elements? Is there a more efficient way to collect data on the value of individual swaps, portfolios, and the margin posted and collected against these positions?

The GFXD supports the response made by ISDA and SIFMA.

The Commission requests specific comment on the following related to the collateral and margin data elements:

(30) The Commission is interested in determining the quality of collateral posted. Comparing pre- and post-haircut values is one way to gain this information. Should the Commission consider other ways, such as collecting specific information on the contents of the collateral portfolio?

The GFXD supports the response made by ISDA and SIFMA.

(31) The proposed swap data elements allow for single collateral portfolio ID for both initial margin and variation margin. Should the Commission consider other approaches to collecting this information to account for when variation margin cash flows are separated between swaps that may not all be subject to initial margin?

The GFXD supports the response made by ISDA and SIFMA.

(32) The Commission is proposing to collect new margin and collateral information from reporting counterparties that are SDs, MSPs, and DCOs. Some of this information could be reported at the portfolio level, rather than the transaction level. Do reporting counterparties or SDRs have feedback for the Commission on how portfolio level, as opposed to transaction level, reporting would work in practice? Are there challenges the Commission should consider? What are alternatives or solutions for collecting this information?

The GFXD supports the response made by ISDA and SIFMA.

The Commission additionally requests comment on all aspects of the proposed swap data elements in appendix 1.

The GFXD would like to raise two comments in relation to the proposed swap data elements:

First, a key issue is with the “Payer Identifier” and “Receiver Identifier” fields for FX. FX products, such as FX forwards, are typified by the exchange of two currencies, meaning that each party is both a payer and receiver. For instance, in a typical USDEUR trade, one counterparty will be selling (paying) USD and buying (receiving) EUR and the other counterparty to the trade will be buying (receiving) USD and selling (paying) EUR. The CFTC is to note that the GFXD has previously escalated this concern that the payer/receiver concept does not work for FX transactions to the CPMI group responsible for the CDE. We believe that the CDE field will therefore need to be complemented by the FX Cash Rule¹¹ to ensure that it is clear who is the payer and who is the receiver for the purposes of the report.

The FX Cash Rule states that the payer (or sell side, or short position) would be determined by the party that is selling risk in the currency which is first when sorted alphabetically by ISO code. For example, in a USD-EUR FX forward trade, it would be each party’s position relevant to the EUR leg of the trade that will determine the payer (buy) or receiver (sell) position.

Second, clarity should be given that fields can be repeated in a single report where applicable. For example, as FX transactions involve an exchange of two currencies, the “Notional Amount” and “Notional Currency” fields should be repeated in order to capture the full trade details. We suggest that, in order to ensure consistent reporting, the CFTC clarifies that these should be reported in alphabetical order, per ISO 4217 currency code, or permits the SDR to sort the fields in this way. Furthermore, we suggest that the CFTC coordinates with ESMA to agree a consistent reporting of these fields.

The Commission requests specific comment on the following:

(33) Are there any data elements not included in appendix 1 that commenters feel should be prioritized for standardization? Please explain why and provide relevant information that would assist with standardizing any suggested data elements.

The GFXD does not see the need to prioritise other fields for standardisation, with the exception of our comments above in relation to question 24 and “Settlement Location”.

(34) The Commission is not proposing data elements by leg for multi-leg products where some data elements are reported more than once per leg. The Commission

11 See [https://www.gfma.org/wp-content/uploads/uploadedFiles/Initiatives/Foreign_Exchange_\(FX\)/FX%20Trade%20Side%20201209%20v0%201.pdf](https://www.gfma.org/wp-content/uploads/uploadedFiles/Initiatives/Foreign_Exchange_(FX)/FX%20Trade%20Side%20201209%20v0%201.pdf)

thinks that it is best to leave the implementation details to market conventions and SDR requirements. Should the Commission consider another approach for leg-level reporting? If so, please provide details on the suggested approach.

The GFXD has no comments in response to this question.

(35) The Commission has not proposed any specific implementation requirement to report multiple values for the same data element when applicable. The Commission thinks that it is best to leave the implementation details to market conventions and SDR requirements. Should the Commission consider a set approach to report multiple values? If so, please provide details on the suggested approach.

The GFXD has no comments in response to this question.

(36) The Commission is considering requiring reporting counterparties to indicate whether a specific swap: (1) was entered into for dealing purposes (as opposed to hedging, investing, or proprietary trading); and/or (2) need not be considered in determining whether a person is a swap dealer or need not be counted towards a person's de minimis threshold as described in paragraph (4) of the "swap dealer" definition in § 1.3 pursuant to one of the exclusions or exceptions in the swap dealer definition (e.g., the insured depository institution provision in paragraph (4)(C) or exclusion in paragraph (5) of the "swap dealer" definition in § 1.3, the inter-affiliate exclusion in paragraph (6)(i) of the "swap dealer" definition, etc.). In the past, the Commission staff has identified the lack of these fields as limiting constraints on the usefulness of SDR data to identify which swaps should be counted towards a person's de minimis threshold, and the ability to precisely assess the current de minimis threshold or the impact of potential changes to current exclusions. Given the Commission's ongoing surveillance for compliance with the swap dealer registration requirements, the Commission requests comment on this potential field.

GFXD does not believe that the CFTC should include this additional field, as it appears to go beyond the original purpose of post-trade reporting. It would also require the capture of additional data at the point of execution, which is likely to be operationally challenging for firms.

The Commission requests comment on all aspects of the proposed compliance data.

In relation to the first implementation date, 31 December 2020 for UTIs, the GFXD is concerned that this is extremely ambitious. Once the CFTC has published final rules, reporting parties will need an appropriate period of time to implement the technical changes.

As previously noted, FX is a global market, with 56% of transactions occurring cross border¹², meaning that the same trade is often reportable in multiple jurisdictions. This will add an additional layer of complexity for the implementation of the UTI for many firms as UTIs will need to be exchanged cross-border. We therefore suggest that a later implementation date for the UTI is set, in collaboration with the EU, which is also consulting on the introduction of the UTI.

In relation to the implementation timeline for the rest of the proposed changes, 12 months from publication of the final rules should be the minimum period. We also note, per our response the Commission's consultation on Part 49¹³, that the changes to the field specifications in Parts 43 and 45 should be implemented and allowed to embed before the validation changes under Part 49 are implemented.

The Commission requests specific comment on the following:

(37) Part 20 of the Commission's regulations ("Large Trader Reporting for Physical Commodity Swaps") contains a "sunset provision" in § 20.9 that would take effect upon "a Commission finding that, through the issuance of an order, operating [SDRs] are processing positional data and that such processing will enable the Commission to effectively surveil trading in paired swaps and swaptions and paired swap and swaption markets." The Commission can now analyze swap data from the SDRs for various purposes, such as re-evaluating the current swap categories and determine appropriate minimum block and cap sizes in part 43. In addition, the same physical commodity swaps reported to the Commission directly through part 20 reporting are being reported to SDRs under part 45. In conjunction with the Commission's proposals to update its swap reporting regulations, should the Commission review part 20 to determine whether it would be appropriate to sunset part 20 reporting according to the § 20.9?

The GFXD has no comments in response to this question.

The Commission requests comment on its considerations of the costs and benefits of the proposed amendments to § 45.3. Are there additional costs or benefits that the Commission should consider that have not yet been highlighted? Commenters are encouraged to include both qualitative and quantitative assessments of these benefits.

¹² https://www.bis.org/statistics/rpfx19_fx.htm

¹³ <https://www.gfma.org/wp-content/uploads/2020/04/20200127-gfxd-response-to-cftc-sdr-cp-final.pdf>

The GFXD has no comments in response to this question.

Are there any other alternatives that may provide preferable costs or benefits than the costs and benefits related to the proposed amendments? Specific areas of interest include the following:

(38) The Commission has noted benefits of providing extended timeframes for regulatory reporting, including improved data quality and reduced number of reports for SDRs to maintain. Are there additional benefits the Commission has not identified given the revised structure? Are these benefits likely to be especially notable for certain types of reporting entities?

The GFXD has no comments in response to this question.

(39) The Commission has noted that the revised reporting framework should, over time and after initial outlays, reduce costs for all reporting entities, given the ability of an entity to retain but update their current reporting systems. Are there costs the Commission has not anticipated in these revisions? Are there specific types of reporters that are more likely to adjust their current reporting systems? What would be the reason for these adjustments, and the costs/benefits associated with these adjustments?

The GFXD has no comments in response to this question.

(40) The Commission has outlined two revised reporting frameworks, depending on the type of the reporting entity (e.g., T+1 for SDs, MSPs and DCOs). Does this division into two reporting categories make sense given the current or anticipated reporting systems of the entities? Would reporting be improved if any entity types were moved from one to the other category?

The GFXD has no comments in response to this question.

(41) The Commission requests comment on the range of costs SDRs, SEFs, DCMs, DCOs, SDs, MSPs, and non-SD/MSP/DCO reporting counterparties would have to spend to comply with the amendments proposed in § 45.3.

The GFXD has no comments in response to this question.

The Commission requests comment on its considerations of the costs and benefits of the proposed amendments to § 45.4, given that there might be different transaction

reporting and risk reporting systems. Are there additional costs or benefits that the Commission should consider? Commenters are encouraged to include both qualitative and quantitative assessments of these benefits.

The GFXD has no comments in response to this question.

Are there any other alternatives that may provide preferable costs or benefits than the costs and benefits related to the proposed amendments? Specific areas of interest include the following:

(42) The Commission requests comment on the range of costs SDRs, SEFs, DCMs, DCOs, SDs, MSPs, and non-SD/MSP/DCO reporting counterparties would have to spend to comply with the amendments proposed in § 45.4.

The GFXD has no comments in response to this question.

The Commission requests comment on its considerations of the costs and benefits of the proposed amendments to § 45.5. Are there additional costs or benefits that the Commission should consider? Commenters are encouraged to include both qualitative and quantitative assessments of these benefits.

We refer to our comments above on §45.5, namely that the CFTC should align its implementation and timelines for the UTI with other major jurisdictions, notably the EU, in order to realise the greatest benefits and avoid unnecessary costs for the industry.

The Commission requests comment on its considerations of the costs and benefits of the proposed amendments to § 45.6. Are there additional costs or benefits that the Commission should consider? Commenters are encouraged to include both qualitative and quantitative assessments of these benefits.

We refer to our comments above on §45.6, namely that the responsibility for obtaining and maintaining a LEI should fall upon each counterparty individually, and not be placed on reporting counterparties.

Are there any other alternatives that may provide preferable costs or benefits than the costs and benefits related to the proposed amendments? Specific areas of interest include the following:

(43) The Commission requests comment on the range of costs for DCO and financial entity reporting counterparties to obtain LEIs via third-party registration for counterparties that have not obtained LEIs to comply with proposed § 45.6(d)(3).

We refer to our comments above on §45.6, namely that the responsibility for obtaining and maintaining a LEI should fall upon each counterparty individually, and not be placed on reporting counterparties.

The Commission requests comment on its considerations of the costs and benefits of the proposed amendments to § 49.10. Are there additional costs and benefits that the Commission should consider? Commenters are encouraged to include both qualitative and quantitative assessments of these costs and benefits.

Are there any other alternatives that may provide preferable costs or benefits than the costs and benefits related to the proposed amendments?

The GFXD has no comments in response to this question.

The Commission requests comment on its considerations of the costs and benefits of the proposed amendments to § 45.12. Are there additional costs and benefits that the Commission should consider? Commenters are encouraged to include both qualitative and quantitative assessments of these costs and benefits.

Are there any other alternatives that may provide preferable costs or benefits than the costs and benefits related to the proposed amendments?

The GFXD has no comments in response to this question.

The Commission requests comment on its considerations of the costs and benefits of the proposed amendments to § 45.13. Are there additional costs and benefits that the Commission should consider? Commenters are encouraged to include both qualitative and quantitative assessments of these costs and benefits.

Are there any other alternatives that may provide preferable costs or benefits than the costs and benefits related to the proposed amendments?

The GFXD has no comments in response to this question.

Is the Commission's understanding correct that the proposed change to § 46.3(a)(2) would have no practical impact on reporting counterparties and SDRs for pre-

enactment and transition swap continuation data reporting? Are there additional costs and benefits that the Commission should consider? Commenters are encouraged to include both qualitative and quantitative assessments of these costs and benefits.

Are there any other alternatives that may provide preferable costs or benefits than the costs and benefits related to the proposed amendments?

The GFXD has no comments in response to this question.

The Commission requests comment on its considerations of the costs and benefits of the proposed amendments to § 46.10. Are there additional costs and benefits that the Commission should consider? Are there factors that would raise costs for reporting historical swaps according to the standards in § 45.13? Commenters are encouraged to include both qualitative and quantitative assessments of these costs and benefits.

Are there any other alternatives that may provide preferable costs or benefits than the costs and benefits related to the proposed amendments?

The GFXD has no comments in response to this question.

The Commission requests comment on its considerations of the costs and benefits of the proposed amendments to § 46.11. Are there additional costs and benefits that the Commission should consider? Commenters are encouraged to include both qualitative and quantitative assessments of these costs and benefits.

Are there any other alternatives that may provide preferable costs or benefits than the costs and benefits related to the proposed amendments?

The GFXD has no comments in response to this question.

The Commission requests comment on its considerations of the costs and benefits of the proposed amendments to § 49.10(c). Are there additional costs and benefits that the Commission should consider? Commenters are encouraged to include both qualitative and quantitative assessments of these costs and benefits.

Are there any other alternatives that may provide preferable costs or benefits than the costs and benefits related to the proposed amendments?

The GFXD has no comments in response to this question.

The Commission requests comment on all aspects of the proposed rules. Beyond specific questions interspersed throughout this discussion, the Commission generally requests comment on all aspects of its consideration of costs and benefits, including: identification and assessment of any costs and benefits not discussed therein; the potential costs and benefits of alternatives; data and any other information (including proposed methodology) to assist or otherwise inform the Commission's ability to quantify or qualitatively describe the benefits and costs of the proposed rules; and substantiating data, statistics, and any other information to support statements by commenters with respect to the Commission's consideration of costs and benefits. Commenters also may suggest other alternatives to the proposed approach where the commenters believe that the alternatives would be appropriate under the CEA and provide a superior cost-benefit profile. Commenters are encouraged to include both qualitative and quantitative assessments of these benefits and costs.

The GFXD has no comments in response to this question.

We appreciate you giving us the opportunity to share our views. Please do not hesitate to contact Victoria Cumings on +1 212 313 1141, email vcumings@gfma.org, should you wish to discuss the above.

Yours sincerely,



James Kemp
Managing Director
Global Foreign Exchange Division, GFMA