



August 28, 2023

VIA ELECTRONIC SUBMISSION

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

Re: Request for Comment on Part 17 – Large Trader Reporting Proposed Rulemaking

Dear Mr. Kirkpatrick:

CME Group Inc. (“CME Group”) appreciates the opportunity to provide comments on the Part 17 – Large Trader Reporting Requirements proposed rulemaking. CME Group wholeheartedly supports the Commodity Futures Trading Commission’s (“Commission” or “CFTC”) effort to modernize and enhance data reporting. We have worked closely with CFTC staff, including the Division of Data, on a myriad of data improvement efforts over the years. The work has been collegial and productive. We are thus confident that the CFTC’s proposal to improve large trader data will similarly be productive for the industry. Our comments on the proposed rulemaking are therefore brief and limited to two points: the implementation timeline and the source of certain data elements.

I. The implementation timeline should be extended to at least 24-months.

CME Group, a corporate holding company, owns and operates four futures exchanges operating as designated contract markets (“DCMs”), a derivatives clearing organization (“DCO”), a swap execution facility (“SEF”), and a swap data repository (“SDR”). Similar to the futures commission merchants, foreign brokers, clearing members, and certain reporting markets (collectively referred to as “reporting firms”) that have reporting obligations under Part 17 of the CFTC’s regulations, the CME Group DCMs, DCO, SEF, and SDR have their own data reporting obligations under the Commission’s regulations. CME Group reports ~500-Gb of detailed transaction and reference data to the CFTC on a daily basis. As a result, we have significant experience reporting data to the CFTC, including in FIXML format, and coordinating efforts with the CFTC Division of Data.

We also have significant experience with the 80-byte file currently used by reporting firms for daily large trader reporting, as the reporting firms submit the same 80-byte file with large trader position data to the CME Group exchanges.¹ The 80-byte file has obvious limitations, as recognized in the proposed

¹ CFTC regulations require DCOs to obtain from their clearing members, or from a relevant DCM, copies of all reports that are required to be filed with the Commission pursuant to Part 17, and to review such reports on a daily basis to ascertain the risk of the overall portfolio of each large trader. See 17 CFR § 39.13(h)(2). CFTC

rulemaking. Converting data submissions from the 80-byte file format to FIXML is long overdue and will undoubtedly be an improvement.

While the conversion from an 80-byte file to FIXML is warranted, we believe the proposed 12-month implementation period is too short. CME Group staff have been working closely with the Futures Industry Association (“FIA”) Part 17 working group (“FIA Working Group”) and CFTC staff for more than two years on Part 17 reporting, including providing input on the draft Guidebook for Part 17. Notwithstanding this long and collaborative effort, not all of the 300+ reporting firms, as referenced in the Cost & Benefit section of the proposed rulemaking, participated in the FIA Working Group, in particular many of the foreign brokers. In our experience, firms often have unique scenarios and challenges that require one-on-one support from the exchange. Given the large number of firms impacted by the proposed rulemaking, the implementation period needs to be sufficiently long so there is adequate time for the exchanges (and presumably the CFTC) to work with firms to come into compliance.

We also agree with the FIA’s position, as expressed in its August 28, 2023, comment letter, that compliance with the proposed Part 17 reporting requirements is dependent on how the CFTC defines some of the new data elements (*see e.g.*, FIA Comment Letter - Exhibit A) and which data elements firms would ultimately have to report under the final rulemaking. In order to develop and test new systems, this level of clarity is essential.

Further to the point of development and testing, we believe firms should have a significant amount of time to test and troubleshoot prior to any compliance date. This effort, however, will require the exchanges (and presumably the CFTC) to first develop and deploy their own systems to accept FIXML submissions for large trader positions and enhance reporting portals for manual submissions. With either type of submission (FIXML or manual portal entry), the exchanges will also need to develop mechanisms and protocols for data corrections for the new elements. Exchange product reference files will have to be updated to provide reporting firms (or the CFTC, as discussed in Section II) with static product data to support proposed Part 17 data points. Moreover, exchange regulatory systems will have to be enhanced to perform validity checks on new data elements and integrate the new data elements into market surveillance tools.²

As we have observed with other significant reporting rule changes, like Ownership & Control Reporting, the time necessary to come into compliance is often underestimated. In light of the development work needed to effectuate the proposed Part 17 changes, the large number of impacted reporting firms, and given the importance of large trader data to CFTC and exchange surveillance programs, CME Group recommends that firms be given at least 24 months to come into compliance with any final rule.

regulations also require DCMs to use a comprehensive large trader reporting system or be able to demonstrate it can obtain position data from other sources to conduct an effective surveillance program. *See* 17 CFR § 38.254.

² The Cost-Benefit section of the proposed rulemaking fails to address costs that would be incurred by DCMs and DCOs, which as explained in footnote 1 are obligated to use large trader position data for market surveillance and risk monitoring.

II. Static data elements should be obtained from the original source.

The Part 17 proposal would require reporting firms to include in each submission product reference data that would be best obtained from its original source, namely the exchanges. Product reference data is generally a dataset that includes essential data elements of products traded on an exchange. It includes elements such as Commodity Clearing Codes, Product Types, Options Listing Date, Fixed Payouts, First Trade Date, Last Trade Date, etc. CME Group publishes, for each trade date, this product reference data to its website and also provides this information in FIXML format to the CFTC pursuant to Part 16 regulations.

Importantly, CFTC staff recently commenced an effort to standardize product reference information it receives or collects from DCMs. Many of the static product reference data elements identified in the Part 17 rulemaking are also data elements that the DCMs already produce to the CFTC and would further be required in the standardized product reference files. Rather than having the reporting firms collect this same data from the DCMs and then include it in the firms' subsequent Part 17 reports, the CFTC should abandon this proposed inefficient duplication of data reporting and rely on the original source of the data (i.e., the DCMs). To the extent new data elements are needed in the product reference file, we would encourage CFTC staff to work directly with the DCMs for that data.

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CME Group thanks the Commission for the opportunity to provide our comments. If you have any comments or questions, please feel free to contact the undersigned at 312-930-2324 or via email at Jonathan.Marcus@cmegroup.com

Sincerely,



Jonathan Marcus
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CME Group Inc.

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