

Real-Time Public Reporting Requirements and Swap Data Recordkeeping and Reporting Requirements

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I am writing to comment on the proposed rule on Real-Time Public Reporting Requirements and Swap Data Recordkeeping and Reporting Requirements.

I agree with the CFTC that the proposed rule would:

- Make swaps more consistent and identifiable across different countries and authorities.
- Align swap data with international standards and recommendations from the Financial Stability Board (FSB) and the Committee on Payments and Market Infrastructures (CPMI) and the International Organization of Securities Commissions (IOSCO).
- Ensure that the CFTC receives accurate and complete swap data.
- Reduce the reporting burden and complexity for reporting counterparties by eliminating duplicative and non-essential data elements.

However, I also have some observations and suggestions regarding the proposed rule.

Uncertainty and inconsistency regarding the UPI implementation for the other commodity asset class

The proposed rule would allow for the implementation of the unique product identifier (UPI) for swaps in the other commodity asset class, which includes swaps based on energy, metals, agricultural products, and environmental commodities. The UPI is a standardized code that identifies the product type and characteristics of a swap, and is expected to facilitate the aggregation and analysis of swap data across different jurisdictions and regulators. The UPI would also complement the existing swap identifiers, such as the unique swap identifier (USI) and the unique transaction identifier (UTI), which are used to identify individual swap transactions and their lifecycle events.

However, the proposed rule does not specify how to report the UPI for the other commodity asset class, or how the CFTC will designate it. The proposed rule also does not explain how the UPI will interact with the USI and the UTI, and whether reporting counterparties and SDRs need to change or convert these identifiers. This might create uncertainty and inconsistency for reporting counterparties and SDRs, as well as challenges for data aggregation and analysis by the CFTC and other regulators, and increase the reporting costs and errors for reporting counterparties and SDRs.

I suggest that the CFTC should specify the format and content of the UPI, as well as the timeline and process for its designation, in accordance with the international standards and recommendations from the FSB and the CPMI-IOSCO. The CFTC should also provide guidance and examples on how to report the UPI for different types of swaps in the other commodity asset class, and how to map the existing product identifiers to the UPI. The CFTC should also clarify the relationship and interaction between the UPI, the USI, and the UTI, and whether reporting counterparties and SDRs need to change or convert these identifiers. The CFTC should also provide guidance and examples on how to report and use these identifiers in a consistent and compatible manner, and how to avoid any duplication or confusion.

Data validation, verification, and correction

The proposed rule would require reporting counterparties and SDRs to report and maintain accurate and complete swap data, and to correct any errors or omissions as soon as technologically practicable after discovery. The CFTC states that it expects to propose rules and procedures to ensure and correct the accuracy and completeness of the swap data reported to the SDRs and the CFTC, in a separate rulemaking.

However, the proposed rule does not address some of the issues and challenges that have been identified in the existing swap data reporting regime, such as data validation, verification, and correction. The proposed rule does not offer any concrete solutions or guidance to ensure and correct the accuracy and completeness of the swap data reported by reporting counterparties, SDRs, or the CFTC.

I suggest that the CFTC should propose rules and procedures to ensure and correct the accuracy and completeness of the swap data reported to the SDRs and the CFTC, in the same rulemaking as the proposed rule, or as soon as possible thereafter. The CFTC should also establish standards and requirements for the SDRs to perform data quality checks and audits, and to provide feedback and reports to the reporting counterparties and the CFTC.

Reporting certain types of swaps, such as post-priced swaps and prime brokerage transactions

Part 43: Real-time public reporting requirements

The proposed rule would require reporting counterparties to report all the data elements listed in appendix A to part 43 for each swap, unless otherwise specified. The proposed rule would also add certain data elements to appendix A to part 43 that would capture additional information about the pricing and valuation of swaps, such as the price

notation type, the price notation value, the price notation currency, and the valuation currency.

However, the proposed rule does not explain how to report certain types of swaps, such as post-priced swaps and prime brokerage transactions, that may have different or changing prices, for the purposes of real-time public reporting. These types of swaps may pose difficulties for real-time public reporting, as they may not have a fixed or determinable price at the time of execution.

I suggest that the CFTC should provide clear definitions and criteria for identifying and categorizing these types of swaps, and specify the data elements and values that should be reported for them, for the purposes of real-time public reporting. The CFTC should also explain how these types of swaps would be subject to the real-time public reporting requirements under part 43, and how the pricing and valuation of these swaps would be determined and reported.

Part 45: Swap data recordkeeping and reporting requirements

The proposed rule would also require reporting counterparties to report all the data elements listed in appendix 1 to part 45 for each swap, unless otherwise specified. The proposed rule would also add certain data elements to appendix 1 to part 45 that would promote international data harmonization and improve the quality, accuracy, and completeness of swap data reported to the CFTC.

However, the proposed rule does not explain how to report certain types of swaps, such as post-priced swaps and prime brokerage transactions, that may have different or changing prices, for the purposes of swap data recordkeeping and reporting. These types of swaps may pose difficulties for swap data recordkeeping and reporting, as they may not have a fixed or determinable price at the time of execution.

I suggest that the CFTC should provide clear definitions and criteria for identifying and categorizing these types of swaps, and specify the data elements and values that should be reported for them, for the purposes of swap data recordkeeping and reporting. The CFTC should also explain how these types of swaps would be subject to the swap data recordkeeping and reporting requirements under part 45, and how the pricing and valuation of these swaps would be determined and reported.

Using the additional data elements

The proposed rule would add certain data elements to appendix A to part 43 and appendix 1 to part 45 that would align swap data with international standards and recommendations from the FSB and the CPMI-IOSCO, and ensure that the CFTC receives accurate and complete swap data. The CFTC states that these data elements would also further the CFTC's surveillance and analysis activities, and provide additional information about the swap market activity, risk, and performance.

However, the proposed rule does not explain how the CFTC will use the additional data elements, or how these data elements will enhance the CFTC's surveillance and analysis activities. The CFTC should provide more justification and transparency for the data elements that it requires from reporting counterparties, and how they will serve the CFTC's regulatory objectives and the public interest.

First, I suggest that the CFTC should explain the rationale and purpose of requiring these data elements, and how they would align swap data with international standards and recommendations, and ensure that the CFTC receives accurate and complete swap data.

Second, I suggest that the CFTC should describe how it would use these data elements to monitor and assess the swap market activity, risk, and performance, and to identify and address any potential threats or issues.

Coordinating with other regulators

The proposed rule would align the CFTC's swap data reporting requirements with the international standards and recommendations from the FSB and the CPMI-IOSCO, and promote international data harmonization. The CFTC states that it will coordinate with other regulators, both domestic and international, to ensure the consistency and compatibility of the UPI and the additional data elements.

However, the proposed rule does not provide more details on how to coordinate with other regulators, both domestic and international, to ensure the consistency and compatibility of the UPI and the additional data elements. The CFTC should provide more details on its plans and processes for engaging with other regulators, such as the Securities and Exchange Commission (SEC), the Federal Reserve, and the FSB, to avoid any conflicts or discrepancies in the swap data reporting requirements or standards.

Plans and processes for engaging with other regulators

I suggest that the CFTC should provide more details on its plans and processes for engaging with other regulators, both domestic and international, to ensure the consistency and compatibility of the UPI and the additional data elements. The CFTC should also explain how it will communicate and cooperate with other regulators, such as the Securities and Exchange Commission (SEC), the Federal Reserve, and the FSB, to avoid any conflicts or discrepancies in the swap data reporting requirements or standards.

How to address conflicts or discrepancies in swap data reporting requirements or standards

I suggest that the CFTC should explain how it will address any conflicts or discrepancies that may arise from different or divergent swap data reporting requirements or standards, and how it will promote and support the global data harmonization efforts. The CFTC should also describe how it will resolve any disputes or issues that may arise from the implementation of the UPI and the additional data elements, and how it will ensure the interoperability and compatibility of the swap data reporting systems and platforms.

Preserving real-time transparency and price discovery

The proposed rule might reduce the real-time transparency and price discovery of the swap market, especially for block trades, which are large notional swaps that may have a significant impact on the market. The proposed rule would extend the time delay for public dissemination of block trades to 48 hours. This is a significant change from the current rules, which set the time delay based on transaction and counterparty characteristics. This might increase the information asymmetry and market power of the block trade participants, and disadvantage the other market participants who rely on the real-time public reporting for price discovery and risk management.

I suggest that the CFTC should reconsider the extension of the time delay for public dissemination of block trades to 48 hours, and evaluate the potential impacts and implications of this change on the swap market transparency and price discovery. The CFTC should also provide more justification and evidence for this change, and explain how it will mitigate any adverse effects on the swap market activity, risk, and performance.

Addressing data validation, verification, and correction issues

The proposed rule might not address some of the issues and challenges that have been identified in the existing swap data reporting regime, such as data validation, verification, and correction. The proposed rule does not offer any concrete solutions or guidance to ensure and correct the accuracy and completeness of the swap data reported by reporting counterparties, SDRs, or the CFTC. The proposed rule also does not explain how to report certain types of swaps, such as post-priced swaps and prime brokerage transactions, that may have different or changing prices. This might affect the quality and accuracy of the swap data reported to the CFTC, and the CFTC's surveillance and analysis.

I suggest that the CFTC should propose rules and procedures to ensure and correct the accuracy and completeness of the swap data reported to the SDRs and the CFTC, in the same rulemaking as the proposed rule, or as soon as possible thereafter. The CFTC should also establish standards and requirements for the SDRs to perform data quality checks and audits, and to provide feedback and reports to the reporting counterparties and the CFTC. The CFTC should also provide clear definitions and criteria for identifying

and categorizing certain types of swaps, such as post-priced swaps and prime brokerage transactions, and specify the data elements and values that should be reported for them. The CFTC should also explain how these types of swaps would be subject to the real-time public reporting and swap data recordkeeping and reporting requirements, and how the pricing and valuation of these swaps would be determined and reported.

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