

April 11, 2024

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

VIA ONLINE SUBMISSION

RE: **Real-time Public Reporting Requirements and Swap Data Recordkeeping and Reporting Requirements**

Dear Mr. Kirkpatrick:

LedgerX LLC (“**LX**”) appreciates the opportunity to comment on the Commodity Futures Trading Commission’s (“**CFTC**” or “**Commission**”) notice of proposed rulemaking titled Real-Time Public Reporting Requirements and Swap Data Recordkeeping and Reporting Requirements (“**Proposal**”).¹ As explained further below, LX generally supports the Proposal, which would further harmonize the Commission’s public and regulatory swap data reporting (“**SDR**”) requirements with global reporting standards. Harmonization with international SDR requirements facilitates aggregation of derivatives transactions across jurisdictions and reduces burdens on reporting entities like LX without diminishing the Commission’s visibility into the swaps markets. The Proposal would incorporate a number of data fields from the 2023 CDE Technical Guidance² into the Commission’s SDR regulations and Technical Specification.³

As explained below, LX respectfully requests that the Commission consider further harmonizing with international standards by permitting reporting entities to report life cycle events and valuation, margin, and collateral data at the position level, rather than on a transaction-by-transaction basis. Further, LX also respectfully requests that the Commission consider clarifying that reporting entities are not required to report valuation and collateral data for swap transactions on the date of their termination given the detailed information already reported in connection with expiry or settlement.

I. Introduction

LX is a wholly-owned subsidiary of Miami International Holdings, Inc. (“**MIH**”), a technology-driven leader in building and operating regulated financial markets across multiple asset classes and geographies.⁴ LX

¹ *Real-Time Public Reporting Requirements and Swap Data Recordkeeping and Reporting Requirements*, 88 Fed. Reg. 90046 (Dec. 28, 2023).

² CPMI-IOSCO, Harmonisation of Critical OTC Derivatives Data Elements (other than UTI and UPI), Revised CDE Technical Guidance—Version 3 (Sept. 2023) (“**CDE Technical Guidance**”), available at https://www.leiroc.org/publications/gls/roc_20230929.pdf.

³ Parts 43 and 45 Technical Specification (Mar. 2023) (“**Technical Specification**”), available at https://www.cftc.gov/media/8261/Part43_45TechnicalSpecification03012023CLEAN/download.

⁴ MIH owns Miami International Securities Exchange, LLC (MIAX®), MIAX PEARL, LLC (MIAX Pearl®), MIAX Emerald, LLC (MIAX Emerald®), MIAX Sapphire, LLC (MIAX Sapphire™), MIAX Futures Holdco, LLC (MIAX Futures), Minneapolis Grain Exchange, LLC (MGEX™), LX, The Bermuda Stock Exchange (BSX), and Dorman Trading, LLC (Dorman Trading). MIH is the fourteenth largest global derivatives exchange group by executed volume in 2023 and the fastest growing exchange group for U.S. multi-listed options since 2016

is regulated by the CFTC as a Derivatives Clearing Organization (“**DCO**”), Designated Contract Market (“**DCM**”), and Swap Execution Facility (“**SEF**”). As a DCO, DCM, and SEF, LX has swap data reporting obligations under Parts 43 and 45 of the Commission’s regulations.⁵

II. **Proposal**

The Commission requested specific comment regarding “any data elements not included in the [Proposal] that commenters believe are necessary to facilitate further standardization of reporting.”⁶ The most recent CDE Technical Guidance includes data fields that allow reporting entities, like LX, to report life cycle events, as well as daily valuation, collateral, and margin data, at the position level. Specifically, the CDE Technical Guidance includes the following codes and fields to facilitate position-level reporting:

- Includes “POSC” or “position component” as an Action type.⁷ The “POSC” field could be used to report new transactions that are immediately terminated (and, therefore, do not result in an open trade at the swap data repository), but which contribute to a new or existing position.
- Includes “INCP” or “inclusion in position” as an Event type.⁸ The “INCP” field could be used as an Event type with Actions that are associated with records previously reported at the position level. Reporting entities could use the “INCP” designation for transactions that have been reported with the Action Type “POSC.” If there is no existing position between the counterparties, then reporting entities could utilize the “NEWT” field; if a position already exists and the transaction results in a change in the size of a position, then reporting entities could utilize the “MODI” field; and, if the transaction results in a position being fully exited, reporting entities could utilize the “TERM” field.⁹
- Includes a field, called “Level”, indicating that the message is at the position level, rather than the trade level.¹⁰ This field indicates whether the reporting is being done at the transaction (“**TCTN**”) or position (“**PSTN**”) level.

LX respectfully requests the inclusion of these data fields into the Commission’s Technical Specification. Allowing reporting entities to report life cycle events and other daily reporting information at the position level will simplify reporting, significantly reduce the number of daily messages sent to swap data repositories, and lower costs. Further, because all new trades would still be reported to the Commission and each individual trade would be identified as part of a position, the Commission’s ability to surveil and monitor the derivatives markets should not be negatively impacted. As noted above, this approach is also consistent with the implementation of other non-U.S. jurisdictions and would enhance the Commission’s

(compiled from source data available at theocc.com). See FIA ETD Tracker, Volume by Exchange, available at https://www.fia.org/fia/etd-tracker?utm_campaign=0223&utm_content=FIA%20ETD%20Tracker&utm_term=&utm_medium=DAETD&utm_source=FIAEmail.

⁵ LX and KalshiEX LLC (“**Kalshi**”) have no action relief from Parts 43 and 45 reporting for binary options executed on Kalshi and cleared through the LX DCO, subject to certain conditions. See CFTC Letter 21-11 (Apr. 22, 2021).

⁶ Proposal, 88 Fed. Reg. at 90056.

⁷ CDE Technical Guidance at 119.

⁸ *Id.* at 120.

⁹ *Id.* at 161 (indicating allowable combinations of Action/Event types).

¹⁰ *Id.* at 123.

ability to aggregate and analyze global derivatives data.¹¹

Lastly, LX respectfully requests that the Commission clarify that valuation and collateral data are not required to be reported on the last day of a derivatives transaction (*i.e.*, the expiration or settlement), including for intraday derivatives (*i.e.*, derivatives executed and settled on the same day). Reporting entities are currently required to report detailed settlement information for each swap transaction to swap data repositories. Requiring the reporting of end-of-day valuation and collateral data for closed transactions, in addition to this settlement information, will likely be of limited value to the Commission. Moreover, this clarification would also be consistent with the approach taken by the European Union and would facilitate standardized reporting across the globe.¹²

III. Conclusion

LX appreciates the opportunity to comment on the Proposal and supports the Commission’s goal of harmonizing the Commission’s reporting requirements with international standards. We respectfully request that the Commission consider (i) incorporating the additional data elements discussed above to facilitate position-level reporting, and (ii) clarifying that valuation and collateral data are not required to be reported on the expiration or termination date of a swap. LX looks forward to working with the Commission on this important issue going forward.

Sincerely,



Zach Dexter
Chief Executive Officer

cc: Honorable Chairman Rostin Behnam
Honorable Commissioner Christy Goldsmith Romero
Honorable Commissioner Kristen N. Johnson
Honorable Commissioner Summer K. Mersinger
Honorable Commissioner Caroline D. Pham

¹¹ See European Securities and Markets Authority (“ESMA”), Implementation of the Regulation (EU) No. 648/2012 on OTC Derivatives, central counterparties and trade repositories (“EMIR”) (Feb. 2, 2024) 82-85 (“ESMA FAQ”), available at https://www.esma.europa.eu/sites/default/files/library/esma70-1861941480-52_qa_on_emir_implementation.pdf.

Canada has also proposed allowing reporting entities to report at the position level. See also Manitoba Securities Commission Notice and Request for Comment to Rule 91-507 *Trade Repositories and Derivatives Data Reporting*; Canadian Securities Administrators Multilateral Notice and Request for Comment to Multilateral Instrument 96-101 *Trade Repositories and Derivatives Data Reporting*; Ontario Securities Commission Notice and Request for Comment to Rule 91-507 *Trade Repositories and Derivatives Data Reporting*; and Quebec Autorité des marchés financiers *Regulation to Amend Regulation 91-507 respecting Trade Repositories and Derivatives Data Reporting*.

¹² ESMA FAQ at 84.