June 11, 2015

Re: Key Principles to Improve Global Trade Reporting and Data Harmonization

The Australian Financial Market Association (AFMA), the Alternative Investment Management Association (AIMA), the British Bankers Association (BBA), the German Investment Funds Association (BVI), the European Fund and Asset Management Association (EFAMA), the Futures Industry Association (FIA Global), the Global Foreign Exchange Division (GFXD) of the Global Financial Markets Association (GFMA), the International Swaps and Derivatives Association (ISDA), the Managed Funds Association (MFA), the Securities Industry and Financial Markets Association (SIFMA) and its Asset Management Group (SIFMA AMG) and The Investment Association (collectively, the "**Associations**") are in full support of the G20 requirements to report derivatives trade data to Trade Repositories in order to improve regulatory transparency and reduce systemic risk. Trade reporting for derivatives is live in multiple jurisdictions and much progress has been made towards increased transparency, but more needs to be done.

A major concern relates to the quality of the derivatives data reported. Poor data quality reduces the value of the data for regulators and limits their ability to fulfill their regulatory tasks. Lack of standardization and differences in requirements across jurisdictions increase the risk of misinterpretation and the cost for reporting parties that have reporting obligations in multiple jurisdictions. FSB, CPMI and IOSCO have recently taken a number of steps in the right direction.

The Associations support the principles published by ISDA for data reporting in the context of OTC derivatives which are set forth below. We believe that global progress toward these principles will benefit regulators through greater consistency in the content and format of the data being reported. Market participants will benefit from greater specificity and harmonization in the reporting across multiple regimes.

The Associations and others including the International Capital Market Association and the International Securities Lending Association believe that similar principles will benefit global trade reporting requirements beyond derivatives and in fact lessons learned from derivatives reporting should be applied more broadly. We would welcome further discussions on the principles and ways to improve reporting.

Regulatory reporting requirements for derivatives transactions should be harmonized within and across borders[1]: Toward this end, regulators around the world should identify and agree on the trade data they need to fulfill their supervisory responsibilities, and then issue consistent reporting requirements across jurisdictions.

Policy-makers should embrace and adopt the use of open standards – such as legal entity identifiers (LEIs), unique trade identifiers (UTIs), unique product identifiers (UPIs) and existing messaging standards (e.g. FpML, ISO, FIX) – to drive improved quality and consistency in meeting reporting requirements: Unique global identifiers for legal entities conducting a trade (LEIs), for product types (UPIs) and for trades (UTIs/unique swap identifiers) have been developed[2]. They should be expanded as necessary and their use should be adopted across reporting regimes. The governance of such standards should be transparent and allow for input and review by market participants, infrastructure providers and regulators. Access to the standards, licensing and cost factors should be carefully considered.

Where global standards do not yet exist, market participants and regulators can collaborate and secure agreement on common solutions to improve consistency and cross-border harmonization: Market participants can, in an open and transparent process, establish a central source (a data dictionary) that defines and clarifies derivatives trade and reference data and workflow requirements for each reporting field required by regulators globally. Direction and support from regulators is critical. Regulators need to be clear and consistent regarding their priorities and set timetables for reform; and we believe it is critical that regulators work in conjunction with the industry to pursue specific standards in the most effective and efficient manner. They should also regularly review this work and facilitate its adoption on a cross-border basis.

Laws or regulations that prevent policy-makers from appropriately accessing and sharing data across borders must be amended or repealed: Regulators need to continue to work collaboratively to develop a framework that enables appropriate sharing of derivatives trade data across geographic boundaries. Such a framework should contain robust confidentiality safeguards for the secure transmission and maintenance of trade data that prevent data leakage of sensitive trading information such as counterparty information. Roadblocks to the appropriate sharing of data should be removed either by regulatory or legislative action.

Reporting progress should be benchmarked: The quality, completeness and consistency of data provided to repositories should be tracked, measured and shared with market participants and regulators in order to benchmark, monitor and incentivize progress in reporting.

We greatly appreciate your consideration of these principles and would welcome the opportunity to discuss with you at your convenience how to put them into action. If we can facilitate arranging for those discussions, or if you have any questions or need further information, please contact Karel Engelen (kengelen@isda.org).

Respectfully,

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[1] For more detail see:
http://www2.isda.org/attachment/NzI4NQ==/Improving%20Regulatory%20Transparency%20FINAL.pdf

[2] UTIprefix.org

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Letter sent to:
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