

Committee on
Payments and Market
Infrastructures

Board of the International
Organization of Securities
Commissions

Consultative report

Harmonisation of critical
OTC derivatives data
elements (other than
UTI and UPI) – second
batch

October 2016

Response form



BANK FOR INTERNATIONAL SETTLEMENTS



OICU-IOSCO

Executive summary of the consultative report

In 2009, the G20 Leaders agreed that all over-the-counter (OTC) derivatives contracts should be reported to trade repositories (TRs) as part of their commitment to reform OTC derivatives markets in order to improve transparency, mitigate systemic risk and prevent market abuse. Aggregation of the data reported across trade repositories will help authorities get a comprehensive view of the OTC derivatives market and its activity.

The purpose of this consultative report is to help develop guidance to authorities on definitions for the second batch of critical data elements that are important for the globally consistent and meaningful aggregation of data on OTC derivatives transactions, other than the Unique Transaction Identifier (UTI) and the Unique Product Identifier (UPI). As in the case of the first batch, this second batch of these critical data elements was selected from Annex 2 (“Illustrative list of potential data fields for OTC derivatives”) of the January 2012 CPSS-IOSCO *Report on OTC derivatives data reporting and aggregation requirements*.¹ In addition to these selections, related data elements were considered for inclusion, mainly with a view to more accurately capturing the substance of OTC derivatives transactions. A consultation on a third batch of critical data elements (other than the UTI and UPI) is planned to follow in 2017. The final consolidated list of all critical data elements (other than the UTI and UPI), combining the three batches, will be the outcome of a dynamic and iterative process that takes into consideration feedback from commenters.

For each of the critical data elements in the second batch, individual tables specify the “definitions”, containing the definition, naming convention, standard, format, list of allowable values and cross-references for identifying interdependencies between data elements. In the annex to this consultative report each data element is also illustrated with at least one example demonstrating how it supports authorities’ data needs. The guidance aims to provide consistent “definitions” of data elements with the same characteristics, referencing existing industry standards where these exist, and allowing for application independent from the chosen communication protocol. For some data elements of the second batch, more than one harmonisation alternative is proposed and discussed. Comments on the relative merits of each alternative are solicited.

The Committee on Payments and Market Infrastructures (CPMI) and the International Organization of Securities Commissions (IOSCO) request comments on the proposed “definitions” for each critical data element, considering whether it:

- provides sufficient guidance to authorities to support consistent data reporting and meaningful global data aggregation;
- appropriately reflects different market practices existing at a global level; and
- appropriately reflects current industry standards that may already be in use globally.

Comments are solicited by 30 November 2016 and should be sent to the secretariats of both the CPMI (cpmi@bis.org) and IOSCO (cde@iosco.org) using this form. The submitted form with the comments will be published on the websites of the BIS and IOSCO unless respondents specifically request otherwise by ticking the dedicated checkbox on page 3 of this form.

Comments and suggestions are welcome on any aspect of the full set of harmonisation proposals in Section 2 of the report. Please use the dedicated space in this form. Please be as specific as possible in your response. Moreover, for some of the subsections, the CPMI and IOSCO invite comments on specific questions.

In making comments and providing responses to the questions, it would be helpful if respondents could consider the following:

¹ This report is also referred to as the Data Report.

- Whether the presented proposals are appropriate for consistent data collection with a view to meaningful global aggregation.
- Whether the consultative guidance is unambiguous.
- Whether the proposed definitions, formats and granularity level in allowable values appropriately capture different market practices at a global level, or are consistent with standards that may already be in use globally. If not, please specify which definition, format or list of allowable values requires modification, the reasons why, and your suggested alternative.
- Whether the details and the specifications in the consultative report are sufficiently clear and what other details and specifications would, in your opinion, add value.
- Whether examples might be needed to further clarify the usability of the guidance in practice.
- Alternative proposals, other than the ones presented in this report, that would, in your view, be preferable to achieve the stated goals of this report. Please, describe them.

Harmonisation of critical OTC derivatives data elements (other than UTI and UPI) – second batch – consultative report

Respondent name:	Global Foreign Exchange Division (GFXD) of the Global Financial Markets Association (GFMA)
Contact person:	Fiona Willis
Contact details:	+44 (0) 203 828 2739 / fwillis@gfma.org

Please flag if you do not wish your comments to be published. Otherwise, this form filled out with your comments will be published on the websites of the BIS and IOSCO.

General comments on the report:

Introduction:

The Global Foreign Exchange Division (GFXD) of the Global Financial Markets Association (GFMA) welcomes the opportunity to comment on behalf of its members on the Consultative Report on the Harmonisation of Critical OTC Data Elements (other than UTI and UPI) – Second Batch, issued by CPMI and IOSCO on 19 October 2016. GFXD and its members are very supportive of the work being performed by CPMI-IOSCO under their harmonisation programme and have submitted responses to all previous consultations: on the Unique Transaction Identifier (<http://www.gfma.org/correspondence/item.aspx?id=723>), the first and second consultations on the Unique Product Identifier (<http://www.gfma.org/correspondence/item.aspx?id=779> and <http://www.gfma.org/correspondence/item.aspx?id=845>) and the consultation on the first batch of key data elements (<http://www.gfma.org/correspondence/item.aspx?id=724>). GFXD members are committed to implementing the CPMI-IOSCO Guidance as it is adopted by regional regulators.

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 foreign exchange (FX) market participants, collectively representing approximately 85% of the FX inter-dealer market (according to Euromoney league tables). Both the GFXD and its members are committed to ensuring a robust, open and fair marketplace and welcome the opportunity for continued dialogue with global regulators. The GFXD members are Bank of America Merrill Lynch, Bank of New York Mellon, Bank of Tokyo Mitsubishi, Barclays, BNP Paribas, Cit, Credit Agricole, Credit Suisse, Deutsche Bank, Goldman Sachs, HSBC, JP Morgan, Lloyds, Mizuho, Morgan Stanley, Nomura, RBC, RBS, Scotiabank, Société Générale, Standard Chartered Bank, State Street, UBS, Wells Fargo and Westpac.

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\$5.1 trillion/day (<http://www.bis.org/publ/rp16.htm>).

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 actually 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 and explicitly defined trade reporting requirements offer regulators the best opportunity to oversee trading practices and market transparency.

The GFXD welcomes the opportunity to set out our views in response to the Consultative Report.

Overall Comments:

The GFXD is concerned by the decision of the CPMI-IOSCO to include in its harmonisation workstream some fields that are not currently or widely used in existing reporting regimes: for example, the fields "booking location of counterparty 1" and "location of counterparty 1's trading desk". We feel that this harmonisation initiative by the CPMI-IOSCO should focus on the most commonly used fields in the major jurisdictional reporting regimes, in order to have a wide application and draw on existing practices in developing its guidance, rather than identify new fields to be reported.

We would also like to comment on the frequent references to ISO 20022 in the "existing industry standards" section of each data element. GFXD is supportive of the development of global data standards for trade reporting. However, it must be understood that the definitions used by the FX industry for trading and processing of FX derivatives are those of the ISDA 1998 FX and Currency Option Definitions. These are mirrored in Financial Products Markup Language (FpML - <http://www.fpml.org>), which is a recognised industry standard, and is widely used in the global FX market. While there are some jurisdictions which have adopted ISO 20022 as a requirement for reporting, any Guidance produced by the CPMI-IOSCO should consider the industry's use of and reliance on FpML, which requires mapping of individual fields and data elements, and should not introduce or endorse any requirements that would result in one deviating from the other. It should also be considered that any other reporting formats (i.e. not FpML) should also be accommodated in any standards in order to accommodate the diverse and technically varied participants of the global FX market.

2.1 Reporting timestamp

Comments on the data element "reporting timestamp":

We support the CPMI-IOSCO proposal to adhere to the ISO 8601 format and the proposed validation in relation to the execution timestamp.

2.2 Execution timestamp

Comments on the data element "execution timestamp":

The GFXD is supportive of consistency of reporting requirements and suggests that the full date and time format should be applied across jurisdictions. However, in order to allow for slight variances in trade entry, for example if the trade is executed via voice and not electronic means, any matching logic should be on the basis of date alone. Given the global nature of the FX market, consideration also needs to be given to the reporting of trades that are executed around 00:00:00 UTC. Due to differing booking systems within firms, it may be the case that the two parties record the trade either side of 00:00:00 UTC, resulting in differing trade dates for the same trade.

We request clarification that, when a trade is novated for reasons other than clearing, the execution timestamp should not be updated to the time of the novation. When lifecycle events are reported, a separate "lifecycle event timestamp" should be used if this data is required by the regulators.

We support the CPMI-IOSCO proposal to adhere to the ISO 8601 format and the proposed validation in relation to the reporting timestamp.

2.3 Final settlement date

Q1: With reference to the definition proposed for the data element "final settlement date" (Section 2.3), is it sufficiently clear that the settlement date for options and swaptions is the date on which the option or swaption would settle if it was exercised on the expiry date? If not, should additional language be added to the definition to clarify that?

The GFXD supports the response submitted by the International Swaps and Derivatives Association (ISDA).

Other comments on the data element "final settlement date":

The GFXD requests clarification regarding the use of the term 'null' in the allowable values. This is a specific database term which refers to the completion of a field with "<NULL>" when no other value is given. The term should therefore not be used when referring to conditions under which a field may be (1) left blank, or (2) completed with a value to indicate that the data element is not applicable or not known.

We support the CPMI-IOSCO proposal to adhere to the ISO 8601 format.

2.4 Settlement currency

Q2: With reference to the definition proposed for the data element “settlement currency” (Section 2.4), is it sufficiently clear that the settlement currency of swaptions is the currency of the underlying swap? If not, should additional language be added to the definition to clarify that?

The GFXD has no comments in response to this question.

Other comments on the data element “settlement currency”:

The GFXD would like to raise a concern with the use of the phrase “the currency for the cash settlement of the transaction” in the definition of this data element. As noted in our comments on the data element “Settlement method” in our response to the first CPMI-IOSCO consultation on key data elements (<http://www.gfma.org/correspondence/item.aspx?id=724>), “cash settlement” is equivalent to “non-deliverable” for FX trades, and is legally defined in the ISDA 1998 FX and Currency Option Definitions.

In a non-deliverable / cash settled FX trade there is no full exchange of the two currencies of the transaction. Instead, a single cash flow is calculated from the difference between the agreed exchange rate of the trade, and the spot rate at the time of settlement. If this data element is intended to refer to the currency of that single cash flow, then we suggest that the definition is amended to “the settlement currency of the transaction in the case of cash settlement”.

The GFXD strongly advises that only ISO 4217 currencies are permitted for data fields involving currencies, such as “Settlement currency”. 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.

2.5 Confirmed

Comments on the data element “confirmed”:

The GFXD requests that the definitions of each of the three proposed values is more explicitly defined to ensure that they are applied consistency across jurisdictions. We also suggest that there may have been a typographical error in the Consultation Paper – with “YCNF” and “NCNF” inverted, as noted below.

For FX, the GFXD has proposed industry guidance ([http://www.gfma.org/uploadedFiles/Initiatives/Foreign_Exchange_\(FX\)/GFXD%20EMIR%20Field%20Standardisation%20-%20October%202016.pdf](http://www.gfma.org/uploadedFiles/Initiatives/Foreign_Exchange_(FX)/GFXD%20EMIR%20Field%20Standardisation%20-%20October%202016.pdf)) for the definition of this data element as follows:

ECNF (Electronically Confirmed): This should be used if the trade is Confirmed by means of matching electronic messages sent by each party to the other or by each party to a third party system. Such electronic messaging systems include, without limitation, SWIFT, CLS, DSMatch, Traiana, Markit and any other such systems used by or agreed to between the parties hereto from time to time.

YCNF (not NCNF) (Non-electronically Confirmed): This should be used if the trade is Confirmed via a manual method, for example email, fax or post.

NCNF (not YCNF) (Unconfirmed): This should be used if the trade is not yet Confirmed. We note that CPMI-IOSCO defines confirmed as “documented and agreed” and request that NCNF should apply if a confirmation message has been sent out by one counterparty but the other counterparty is yet to respond.

2.6 Day count convention

Comments on the data element "day count convention":

The GFXD requests clarification regarding the use of the term 'null' in the allowable values. This is a specific database term which refers to the completion of a field with "<NULL>" when no other value is given. The term should therefore not be used when referring to conditions under which a field may be (1) left blank, or (2) completed with a value to indicate that the data element is not applicable or not known.

The GFXD supports the response submitted by ISDA.

2.7–2.8 Payment frequency period; payment frequency period multiplier

Q3: With reference to alternatives proposed for the data element "payment frequency period" (Section 2.7):

- (a) Are the advantages and disadvantages of the proposed harmonisation alternatives included in the report appropriately defined? If not, which aspects should be revised and how?

The GFXD has no comments in response to this question.

- (b) Which of the proposed harmonisation alternatives should be supported and why? Is alternative 2 sufficiently broad to capture all the allowable values that are relevant for an OTC derivatives transaction? If not, which allowable values are missing? Should the list of allowable values under alternative 2 also include the value "intraday"? Please provide examples in which the additional allowable values that you propose would be relevant for an OTC derivatives transaction. Is it preferable to expand the list in alternative 2 with the missing allowable values or to opt directly for the most extensive list of allowable values available in alternative 1?

For FX, the data elements "payment frequency period" and "payment frequency period multiplier" would only apply to complex exotic trades. It is important to note that complex exotic trades are often not standardised across the industry and many are not currently represented in FpML. Once such exotic trades become more commonly traded and therefore standardised within the industry, we believe that both "payment frequency period" and "payment frequency period multiplier" will be more relevant to the FX asset class and we recommend that these are considered at that time.

The GFXD also requests clarification regarding the use of the term 'null' in the allowable values. This is a specific database term which refers to the completion of a field with "<NULL>" when no other value is given. The term should therefore not be used when referring to conditions under which a field may be (1) left blank, or (2) completed with a value to indicate that the data element is not applicable or not known.

Other comments on the data elements “payment frequency period” and “payment frequency period multiplier” (Sections 2.7–2.8):

The GFXD has no comments in response to this question.

2.9–2.12 Counterparty 1 (reporting counterparty); counterparty 1 type; counterparty 2; counterparty 2 type

Q4: In the consultative report on the first batch of data elements (other than the UTI and UPI), the Harmonisation Group proposed the harmonisation of the “identifier of the primary obligor”. Based on the feedback received during the public consultation, the Harmonisation Group is considering referring to the same concept with the term “beneficiary”. With reference to data elements “counterparty 1 (reporting counterparty)”, “counterparty 1 type”, “counterparty 2” and “counterparty 2 type” (Sections 2.9–2.12):

- (a) Is it clear that in some jurisdictions the counterparty and beneficiary are always the same entity while in other jurisdictions they may or may not coincide?

For example, in the US the counterparty would always coincide with the beneficiary; in the EU this is not always the case as eg in a transaction concluded at the level of the umbrella fund, that fund would be identified as the counterparty, and the sub fund as the beneficiary.

Is it necessary to further clarify the term “counterparty” or is it clear enough?

As identified by CPMI-IOSCO, it is not always the case that the “beneficiary” is the same as “counterparty 1”. These should therefore be two separate fields, with the beneficiary optional for completion.

- (b) Are there cases in which a transaction involves multiple counterparties that are jointly liable for the whole amount of the transaction? If so, how do you believe that multiple counterparties should be represented?

This is not applicable for FX transactions.

- (c) In addition to reporting counterparty 2 type, what approach should be taken for natural persons not acting in a business capacity as counterparty 2?

The GFXD agrees that, where “counterparty 2” is a natural person, no LEI can be provided. We suggest that, for a natural person, a hierarchy of alternative identifiers is devised, in a similar manner to that used in MiFIR Transaction Reporting in Europe (European Commission Draft MiFIR RTS 22, Article 6 available at http://ec.europa.eu/finance/securities/docs/isd/mifid/rts/160728-rts-22_en.pdf).

The GFXD also requests clarification regarding the use of the term ‘null’ in the allowable values. This is a specific database term which refers to the completion of a field with “<NULL>” when no other value is given. The term should therefore not be used when referring to conditions under which a field may be (1) left blank, or (2) completed with a value to indicate that the data element is not applicable or not known.

Other comments on the data elements “counterparty 1 (reporting counterparty)”, “counterparty 1 type”, “counterparty 2” and “counterparty 2 type” (Sections 2.9–2.12):

The GFXD notes that CPMI-IOSCO has specified that “counterparty 1” should always be the reporting counterparty, even in dual sided reporting regimes. Where both parties report, the user of the data must apply logic to pair the records using “counterparty 1” and “counterparty 2”, given that the records will therefore differ with respect to these data elements, i.e. each party will report themselves as “counterparty 1”. The definition should also be amended to give instruction that, where the reporting obligation has been delegated, “counterparty 1” should be the counterparty which has delegated the report, rather than the reporting counterparty.

The GFXD strongly supports the CPMI-IOSCO proposal that counterparty 1 and 2 should be populated by a Legal Entity Identifier (LEI), where possible, as this is the international standard for counterparty identification. We note that, if no alternative identifiers are to be permitted, this would render “counterparty 1 type” irrelevant, as this field would always be populated with an entity, rather than a natural person.

A key challenge is ensuring that both parties (apart from natural persons) have a LEI. Because the FX market acts as the global payment system, the users of the FX market are vast in number, wide in their geographical location and transact across jurisdictional borders. Outside of the G20, market participants may not feel the need to apply for a LEI (or feel the need to permission a 3rd party to apply for a LEI on their behalf), especially if their local regulator does not require a LEI. In G20 jurisdictions this is a less acute problem, as all market participants with a reporting obligation must have a LEI in order to register with a trade repository.

The GFXD suggests that any processes implemented to help market participants obtain a LEI are performed at the global regulatory level, not just the G20 level. All markets, including emerging markets should be considered in this process as we believe the requirement to obtain a LEI should be implemented equally across all jurisdictions. We would like to request the assistance of the regulatory community in requiring market participants in all jurisdictions to obtain a LEI, to allow reporting parties to comply with the standards set out in this Consultation Paper.

Until such a time as all counterparties globally obtain LEIs, the GFXD notes that there will be cases in which “counterparty 2 type” could be reported as “Y” (i.e. the counterparty meets the LEI ROC definition of a legal entity), without the reporting counterparty having a LEI to populate in the “counterparty 2” field. The CPMI-IOSCO Guidance should reflect that it is not possible for a reporting firm to compel its counterparty to obtain a LEI; this can only be done by regulatory obligation. This may also occur in cases where certain jurisdictions permit or require masking of counterparty information, which should be reflected in the CPMI-IOSCO Guidance on this data element.

Additionally, we note that there should be a requirement for the LEI used by the reporting party to identify itself to be valid at the time of reporting, to prevent the use of lapsed LEIs. This should not extend to a requirement of Counterparty 1 to check the validity of LEIs relating to counterparties or other entities in the report.

2.13 Report-submitting entity

Comments on the data element "report-submitting entity":

The GFXD strongly supports the CPMI-IOSCO proposal that "Report submitting entity" should be populated by a LEI.

We would like to note that, where a jurisdiction requires dual-sided reporting, there will be a "Report submitting entity" submitted by each side of the trade, which will not match unless one counterparty has delegated its reporting to the other. This should therefore not be a matching field.

A key challenge is ensuring that both parties (apart from natural persons) have a LEI. Because the FX market acts as the global payment system, the users of the FX market are vast in number, wide in their geographical location and transact across jurisdictional borders. Outside of the G20, market participants may not feel the need to apply for a LEI (or feel the need to permission a 3rd party to apply for a LEI on their behalf), especially if their local regulator does not require a LEI. In G20 jurisdictions this is a less acute problem, as all market participants with a reporting obligation must have a LEI in order to register with a trade repository.

The GFXD suggests that any processes implemented to help market participants obtain a LEI are performed at the global regulatory level, not just the G20 level. All markets, including emerging markets should be considered in this process as we believe the requirement to obtain a LEI should be implemented equally across all jurisdictions. We would like to request the assistance of the regulatory community in requiring market participants in all jurisdictions to obtain a LEI, to allow reporting parties to comply with the standards set out in this Consultation Paper.

Additionally, we note that there should be a requirement for the LEI used by the reporting party to identify itself to be valid at the time of reporting, to prevent the use of lapsed LEIs. This should not extend to a requirement of Counterparty 1 to check the validity of LEIs relating to counterparties or other entities in the report. The GFXD requests clarification regarding the use of the term 'null' in the allowable values. This is a specific database term which refers to the completion of a field with "<NULL>" when no other value is given. The term should therefore not be used when referring to conditions under which a field may be (1) left blank, or (2) completed with a value to indicate that the data element is not applicable or not known.

2.14 Broker of counterparty 1

Comments on the data element "broker of counterparty 1":

For FX, GFXD understands this data element to refer solely to the use of an inter-dealer broker i.e. an organisation that intermediates trades between 2 dealers. However, we understand that for other asset classes, the term "broker" may have different uses. GFXD requests that the definition for this data element, both under 2.14 and in the table on page 36 of the Consultation Paper, is made more specific in terms of its meaning for each asset class.

The GFXD supports the CPMI-IOSCO proposal that "Broker of counterparty 1" should be populated by a LEI. Please see our response to the data elements 2.9-2.12 for further details on our position with regards to LEIs.

A key challenge is ensuring that both parties (apart from natural persons) have a LEI. Because the FX market acts as the global payment system, the users of the FX market are vast in number, wide in their geographical location and transact across jurisdictional borders. Outside of the G20, market participants may not feel the need to apply for a LEI (or feel the need to permission a 3rd party to apply for a LEI on their behalf), especially if their local regulator does not require a LEI. In G20 jurisdictions this is a less acute problem, as all market participants with a reporting obligation must have a LEI in order to register with a trade repository.

The GFXD suggests that any processes implemented to help market participants obtain a LEI are performed at the global regulatory level, not just the G20 level. All markets, including emerging markets should be considered in this process as we believe the requirement to obtain a LEI should be implemented equally across all jurisdictions. We would like to request the assistance of the regulatory community in requiring market participants in all jurisdictions to obtain a LEI, to allow reporting parties to comply with the standards set out in this Consultation Paper.

Additionally, we note that, while there should be a requirement for the LEI used by the reporting party to identify itself to be valid at the time of reporting, to prevent the use of lapsed LEIs, this should not extend to a requirement of Counterparty 1 to check the validity of LEIs relating to counterparties or other entities in the report. Finally, we request clarification regarding the use of the term 'null' in the allowable values. This is a specific database term which refers to the completion of a field with "<NULL>" when no other value is given. The term should therefore not be used when referring to conditions under which a field may be (1) left blank, or (2) completed with a value to indicate that the data element is not applicable or not known.

2.15 Central counterparty

Comments on the data element "central counterparty":

Where there is no central counterparty to the trade, the GFXD advises that this field is left blank. The other values as suggested in this Consultation Paper are duplicative of the data element "Cleared" on which the GFXD commented in our response to the first CPMI-IOSCO consultation on key data elements (<http://www.gfma.org/correspondence/item.aspx?id=724>).

The GFXD supports the CPMI-IOSCO proposal that "Central counterparty" should be populated by a LEI, where there is a central counterparty to the trade.

A key challenge is ensuring that both parties (apart from natural persons) have a LEI. Because the FX market acts as the global payment system, the users of the FX market are vast in number, wide in their geographical location and transact across jurisdictional borders. Outside of the G20, market participants may not feel the need to apply for a LEI (or feel the need to permission a 3rd party to apply for a LEI on their behalf), especially if their local regulator does not require a LEI. In G20 jurisdictions this is a less acute problem, as all market participants with a reporting obligation must have a LEI in order to register with a trade repository.

The GFXD suggests that any processes implemented to help market participants obtain a LEI are performed at the global regulatory level, not just the G20 level. All markets, including emerging markets should be considered in this process as we believe the requirement to obtain a LEI should be implemented equally across all jurisdictions. We would like to request the assistance of the regulatory community in requiring market participants in all jurisdictions to obtain a LEI, to allow reporting parties to comply with the standards set out in this Consultation Paper.

Additionally, we note that, while there should be a requirement for the LEI used by the reporting party to identify itself to be valid at the time of reporting, to prevent the use of lapsed LEIs, this should not extend to a requirement of Counterparty 1 to check the validity of LEIs relating to counterparties or other entities in the report.

Finally, we request clarification regarding the use of the term 'null' in the allowable values. This is a specific database term which refers to the completion of a field with "<NULL>" when no other value is given. The term should therefore not be used when referring to conditions under which a field may be (1) left blank, or (2) completed with a value to indicate that the data element is not applicable or not known.

2.16 Clearing member

Comments on the data element "clearing member":

GFXD strongly supports the CPMI-IOSCO proposal that "Clearing member" should be populated by a LEI.

A key challenge is ensuring that both parties (apart from natural persons) have a LEI. Because the FX market acts as the global payment system, the users of the FX market are vast in number, wide in their geographical location and transact across jurisdictional borders. Outside of the G20, market participants may not feel the need to apply for a LEI (or feel the need to permission a 3rd party to apply for a LEI on their behalf), especially if their local regulator does not require a LEI. In G20 jurisdictions this is a less acute problem, as all market participants with a reporting obligation must have a LEI in order to register with a trade repository.

The GFXD suggests that any processes implemented to help market participants obtain a LEI are performed at the global regulatory level, not just the G20 level. All markets, including emerging markets should be considered in this process as we believe the requirement to obtain a LEI should be implemented equally across all jurisdictions. We would like to request the assistance of the regulatory community in requiring market participants in all jurisdictions to obtain a LEI, to allow reporting parties to comply with the standards set out in this Consultation Paper.

Additionally, we note that, while there should be a requirement for the LEI used by the reporting party to identify itself to be valid at the time of reporting, to prevent the use of lapsed LEIs, this should not extend to a requirement of Counterparty 1 to check the validity of LEIs relating to counterparties or other entities in the report.

The GFXD also requests clarification regarding the use of the term 'null' in the allowable values. This is a specific database term which refers to the completion of a field with "<NULL>" when no other value is given. The term should therefore not be used when referring to conditions under which a field may be (1) left blank, or (2) completed with a value to indicate that the data element is not applicable or not known.

We support the response submitted by ISDA regarding clarification of the definition of "clearing member".

2.17 Platform identifier

Comments on the data element "platform identifier":

The GFXD requests clarification that this data element should only be applicable for trades executed on multilateral trading platforms and not those executed bilaterally for instance through single dealer platforms. Where executed has occurred on a bilateral basis, using a firm's proprietary e-trading portal, the firm should not be classified as a trading venue and this field should be populated with XOFF or XXXX as appropriate.

The GFXD notes the CPMI-IOSCO proposal to use the ISO 10383 MIC standard, XOFF or XXXX, as this is the current reporting standard. However, in line with our support for LEIs in response to data elements 3.2 to 2.16, we would strongly support a move towards requiring platforms to obtain LEIs, in line with the reporting standards for other entities captured in trade reports.

2.18 Inter-affiliate

Q5: Should the definition of the data element "inter-affiliate" (Section 2.18) take into account the possibility that there is no local definition of affiliated entities under the local regulation of counterparty 1 (reporting counterparty), or is this redundant?

The term "inter-affiliate" is not consistently used or defined across jurisdictions. The GFXD believes that this data element should be defined, in accordance with language used elsewhere in this consultation, to refer to reporting between two entities that have different LEIs but are part of the same group. However, given that there is no regional agreement on what this data element refers to, even a CPMI-IOSCO definition would be of limited use unless widely adopted into regional laws.

The GFXD also requests clarification regarding the chart on page 37 of the Consultation Paper. It is unclear how this data element would assist authorities in reconciling data between trade repositories.

Other comments on the data element "inter-affiliate":

The GFXD has no comments in response to this question.

2.19 Booking location of counterparty 1

Q6: With reference to the data element "booking location of counterparty 1" (Section 2.19), is it clear that the location where the transaction is booked for counterparty 1 refers to the location where profit and losses are allocated (be it the location of the headquarters, domestic branch or international branch)?

The GFXD supports the response submitted by ISDA.

Other comments on the data element "booking location of counterparty 1":

The GFXD requests clarity from CPMI-IOSCO, given the recent LEI ROC Policy Document (https://www.leiroc.org/publications/gls/roc_20160711-1.pdf) on 'Branch LEIs', as to whether it is the intention that reporting will be required in future at a branch level. If this is the intention, then this field may need to be revised. With respect to current entity-level reporting, we support the CPMI-IOSCO proposal to use the ISO 3166-2 country and subdivision codes.

2.20 Location of counterparty 1's trading desk

Q7: With reference to data element "location of counterparty 1's trading desk" (Section 2.20), is it sufficiently clear who is being referred to as the trader "responsible for executing the transaction"?

The GFXD supports the response submitted by ISDA.

Other comments on the data element "location of counterparty 1's trading desk":

The GFXD supports the response submitted by ISDA. In addition, the GFXD requests clarity from CPMI-IOSCO, given the recent LEI ROC Policy Document (https://www.leiroc.org/publications/gls/roc_20160711-1.pdf) on 'Branch LEIs', as to whether it is the intention that reporting will be required in future at a branch level. If this is the intention, then this field may need to be revised. With respect to current entity-level reporting, we support the CPMI-IOSCO proposal to use the ISO 3166-2 country and subdivision codes.

2.21–2.22 Strike price; strike price notation

Q8: With reference to data elements "strike price" and "strike price notation" (Sections 2.21 and 2.22) is the proposed format length for "strike price" (Num(18,13)) sufficiently big for strike prices denominated in any currency? If not, what would be an appropriate format length, both for characters before the decimal point and characters after the decimal point?

The GFXD supports the response submitted by ISDA.

Other comments on the data elements "strike price" and "strike price notation":

The GFXD suggests that this data attribute should accommodate the variances of individual firms' booking conventions. For instance, a trade could be reported with an inverted strike price, i.e. where the base currency is of greater value than the second currency. For example, in a trade between a US firm and a Swiss firm, the former may book the trade as USD-CHF, and the latter CHF-USD – resulting in different (but economically equivalent) reported strike prices for the same trade. The field should allow for both reporting methods, with processes put in place whereby the records can be matched by checking that the strike prices are economically equivalent.

2.23 Option lockout period

Comments on the data element "option lockout period":

The GFXD supports the response submitted by ISDA.

We also support the CPMI-IOSCO proposal to adhere to the ISO 8601 format.

The GFXD requests clarification regarding the use of the term 'null' in the allowable values. This is a specific database term which refers to the completion of a field with "<NULL>" when no other value is given. The term should therefore not be used when referring to conditions under which a field may be (1) left blank, or (2) completed with a value to indicate that the data element is not applicable or not known.

2.24–2.25 Option premium; option premium currency

Q9: With reference to data elements "option premium" and "option premium currency" (Sections 2.24 and 2.25), should an option premium payment date be added, to take into account that the option premium may sometimes be paid at the end of the transaction?

GFXD would be supportive of the proposal to add an additional field, provided that the field is conditional for completion.

Other comments on the data elements “option premium” and “option premium currency”:

The GFXD disagrees with the proposed definition and allowable values of “Option premium”, which currently refers to “the amount of money paid by an option buyer to the seller of an option”. In some cases, the cash flow may be in the other direction (i.e. a “negative premium”), and this field will therefore have to be redefined to allow for negative values. Additionally, there may sometimes be no premium paid, in which case zero must be a permitted value.

We request clarification regarding the use of the term ‘null’ in the allowable values. This is a specific database term which refers to the completion of a field with “<NULL>” when no other value is given. The term should therefore not be used when referring to conditions under which a field may be (1) left blank, or (2) completed with a value to indicate that the data element is not applicable or not known.

The GFXD strongly advises that only ISO 4217 currencies are permitted for data fields involving currencies, such as “option premium currency”. 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.

2.26–2.27 CDS index attachment point; CDS index detachment point

Comments on the data elements “CDS index attachment point” and “CDS index detachment point”:

The GFXD has no comments in response to this question.

Other comments:

We appreciate the opportunity to share our views on this Consultative Report issued by the CPMI and IOSCO. Please do not hesitate to contact Andrew Harvey on +44 (0) 203 828 2694, email aharvey@gfma.org, or Fiona Willis on +44 (0) 203 828 2739, email fwillis@gfma.org, should you wish to discuss any of the above.

Yours faithfully

James Kemp
Managing Director
Global Foreign Exchange Division, GFMA