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

7 March, 2016

Re: Draft Technical Specifications for Certain Swap Data Elements

Dear Sir/Madam,

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 Draft Technical Specifications for Certain Swap Data Elements issued by the Commodity Futures Trading Commission (CFTC) on 22 December, 2015 (the Consultation Paper).

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 24 global foreign exchange (FX) market participants, collectively representing more than 90% of the FX inter-dealer market. 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 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,

---


2 According to Euromoney league tables.
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.

Data Harmonisation

Further to our comments made in response to the CFTC’s Swap Data Recordkeeping and Reporting Requirements Consultation in 2014, the GFXD continues to strongly support globally harmonised efforts to standardise data reporting obligations and advocate for a common data set for reporting to be defined which can be consistently applied across all jurisdictions. We support the efforts of the CPMI IOSCO working group on the harmonisation of key OTC derivatives data elements, which through its industry consultations is seeking to standardise reportable data elements. Such standardisation is fundamental in enabling data to be successfully aggregated. We do not believe that the regulatory community will be able to successfully utilise reported data or aggregate data across jurisdictions until there is greater standardisation and collective definition on what data needs to be reported. In addition, we strongly recommend a central governing body is established that both acts as a central reference point for international regulators, as well as providing explicit guidance on how this data is to be reported when interpretive differences arise. We subsequently suggest that the CFTC adopts such an approach within its operating framework. Industry participants, including the GFXD, have engaged in active dialogue with national regulators since the inception of the G20 trade reporting requirements, discussing the known issues, difficulties and inconsistent requirements in data reporting; the result of which has been that national regulators have not been properly able to use reported data. We note that a similar message was echoed by the Financial Stability Board’s (FSB) 2014 study on the feasibility of options for a mechanism to produce and share global aggregated data (Aggregation Feasibility Study).

We also suggest that a more harmonised approach to managing ‘static data’ would be of considerable benefit to market participants as a whole, including trade repositories and regulators alike. A more consistent approach would enable data to be normalised across all market participants, allow a central point of access for those wishing to use such data and of course allow better control and risk management of data within organisations. We request the CFTC’s support in promoting a solution to what is a global challenge, especially given the scale of static data that is required for multiple reporting purposes.

Although the GFXD welcomes the CFTC consultation on the Draft Technical Specifications for Certain Swap Data Elements, we suggest that the CFTC considers any changes to its current specifications bearing in mind the globally harmonised recommendations from CPMI IOSCO, rather than redefine current U.S. requirements in isolation. We believe this will offer the CFTC as well as other jurisdictional regulators a better opportunity to aggregate and share data, and thereby more effectively perform mandated regulatory oversight functions.

We also ask that, should the CFTC decide to implement changes to its current trade data reporting requirements, the changes not apply to historic transactions, but only to transactions entered into after a defined effective date, phased in appropriately.

---

Governance Framework for Implementation of CFTC Reporting Requirements

Given the ongoing work being undertaken by CPMI IOSCO on the harmonisation of key OTC derivatives data elements, and their pending recommendations, the GFXD suggests that the CFTC implement processes which will enable the CFTC or its staff to establish, clarify or modify the data fields required to be reported while taking current and any future international harmonisation efforts into account. Implementation of a more flexible process will enable the CFTC to rapidly adopt and keep pace with the emerging international standards, without requiring a US specific lengthy rule re-write process.

One way in which the CFTC could accomplish this would be by delegating authority to the Director of the Division of Market Oversight (DMO), in consultation with the CFTC’s Chief Information Officer (CIO), to specify, through a notice and comment process, those data fields the Director determines necessary and appropriate, to monitor for market integrity and systemic risk, in a manner consistent with international data standards.

If helpful, we would be happy to volunteer our assistance to the CFTC in further discussing our thoughts on this recommendation.

***************
EXECUTIVE SUMMARY

Global Harmonisation of Data Reporting Attributes

- The GFXD believes that any changes to existing CFTC reporting requirements should be made in appreciation of, and in conjunction with, ongoing global data standardisation efforts, such as those being undertaken by CPMI IOSCO

- We continue to support the creation of an explicitly defined common data set for reporting, to be standardised across jurisdictions. We believe this will enable market participants the best opportunity to provide data which will be of most use to regulators, allowing for effective market oversight. Such a data set should use globally standard terminology and should not be open to interpretation

- The GFXD does not believe that the current practice of attaching confirmations to trade reports is practicable or of regulatory benefit. A more effective practice would be to report on the basis of explicitly defined reportable fields. In our view, these fields should be reported either as PET/real-time data or, if necessary, as a form of supplementary data, rather than through an interpretation of the contractual terms that must be included in confirmations or as ‘confirmation data’

- We request clarity from the CFTC on which data fields would be mandated for each separate reporting obligation, i.e. what is specifically required for Part 43, Part 45, etc.
  - Including better alignment with how asset classes are actually traded in the marketplace

- We urge that any changes made to reporting obligations have a forward-dated implementation date, are phased in and are not retroactively applied to historical transactions

Adoption of International Standards

- Given that work continues on the harmonisation of key OTC derivatives data elements, we suggest that the CFTC implement processes enabling the CFTC or its staff to efficiently establish, clarify or modify the data fields required to be reported in line with current and any future international harmonisation efforts

1. Are there challenges associated with identifying the Ultimate Parent and/or Ultimate Guarantor of a swap counterparty? If so, how might those challenges be addressed?

We support the submission made by the International Swaps and Derivatives Association, Inc (ISDA).

2. Are there any additional counterparty-related data elements that should be included to evaluate the risk undertaken by the Ultimate Parent and Ultimate Guarantor?
We support the submission made by ISDA.

3. When a swap counterparty has more than one Ultimate Parent, including, but not limited to, situations in which an entity is a joint venture, how might this be reflected in a single data element?

We support the submission made by ISDA.

4. Are there situations in which a natural person is the Ultimate Parent of a swap counterparty? If so, is it clear who should and should not be reported?

We support the submission made by ISDA.

5. Should the allowable values for Counterparty ID be modified for counterparties that are natural persons? If so, how?

We support the submission made by ISDA.

6. Should the Commission propose a definition of a prime broker for this purpose? If so, is the following definition sufficient to describe all forms of prime brokerage in the swap markets?

A prime broker is a party that acts as the credit intermediary for swaps whose terms and conditions are agreed to by (1) a customer of the party providing the credit intermediation and (2) an executing swap dealer, provided that the terms and conditions of the swap fall within the customer-specific limits previously specified by the party providing the credit intermediation?

Is there an alternative definition that would more appropriately capture all forms of prime brokerage relationships and transactions in the swap markets?

We support the submission made by ISDA.

7. Please provide feedback on any aspect of the draft technical specifications for the data elements presented below.

For foreign exchange, the GFXD suggests, due to the global nature of the FX markets and the vast number of participants that operate across multiple jurisdictions that certain of these fields as described would not improve the quality of the data received. We believe that interpretation will be required and that many of these data elements are not currently consistent with other jurisdictions.

As per our historic position, we suggest that all data attributes should be globally harmonised and that any changes to the U.S. requirements should be aligned with CPMI IOSCO recommendations. Technology solutions for data reporting are better dealt with as a whole and any detracion from a standardised approach ultimately results in a region specific technology solution, with additional costs, risks and controls. This applies to reporting parties, infrastructure providers, execution platforms, trade repositories and regulators alike especially when considering data aggregation.

We also request that the CFTC considers data privacy laws when finalizing any client specific fields.
Counterparty ID:

Further to our comments made in response to the CFTC’s Swap Data Recordkeeping and Reporting Requirements Consultation in 2014, we request support from the global regulatory community to mandate that all participants engaging in financial markets are required to have an LEI and that as the FX market forms the basis of the global payments system, obtaining an LEI needs to be as cost effective as possible so as to not disrupt any cross-border payments. Currently this is not the case, and until so, G20 reporting requirements will need the flexibility for reporting counterparties to use a variety of methods to identify their counterparty in any submission.

Counterparty financial entity indicator:

We believe that this field could be open to interpretative issues and request more specific guidance to prevent subjective interpretation. We believe a more appropriate solution with respect to specific counterparty data is for such data to be centrally stored and made available to regulators, rather than counterparties reporting this data on each report. We believe that amending the LEI registration process would offer such a solution, and recommend that all globally required client specific static data is clarified as to its regulatory use and recorded as part of the LEI registration. This approach would reduce the technology burden on market participants, including trade repositories and regulators alike.

8. What are the challenges to reporting industry accepted uniform identifiers? How can those challenges be addressed?

Whilst the CFTC has been clear that this consultation is not aimed at defining the structure of the LEI, UTI, USI etc, such industry accepted uniform identifiers are presenting considerable challenges to market participants. Such challenges include: inconsistent format; who is required to produce and by when (such as LEI reporting by branches); and, who is required to obtain such a reference (as is the case with LEIs in non-G20 countries). We believe the CFTC should, when available, enforce the use of industry accepted uniform identifiers.

We also suggest that the CFTC looks to adopt new methods to enable rapid adoption of new international standards by the CFTC. One way in which the CFTC could accomplish this would be by delegating authority to the Director of the Division of Market Oversight (DMO), in consultation with the CFTC’s Chief Information Officer (CIO), to specify, through a notice and comment process, those data fields the Director determines necessary and appropriate, to monitor for market integrity and systemic risk, in a manner consistent with international data standards.

9. If there is not an industry accepted uniform identifier for a particular index, how should the index be represented in swaps data?

The FX markets do not typically trade with reference to indexes in the same way to those seen for example in the CDS markets. However, the non-deliverable market (non-deliverable forwards for example) uses pre-defined data sources to determine the final pay-out of the transaction and expects that such references will be included as an ‘index’. Whilst there is no industry standard for such representing such data sources, it may be
possible to use existing confirmation standards, such as that used within the FpML architecture, to explicitly define how such data should be reported.

10. What are the challenges to using proprietary identifiers? Do you have recommendations for addressing these challenges?

For FX, we are interpreting this question in the context of proprietary identifiers with respect to underliers. Given that for FX the underlier is likely to be the currency pair, and we believe that currency codes should comply with ISO 4217 standards, we do not believe that there is a wide proliferation of proprietary underlier identifiers within the FX markets.

11. What are the challenges presented when an identifier for an index is changed? Do you have recommendations for addressing these challenges?

The GFXD believes that any changes to the structure of identifiers, irrespective of the type, should be controlled with an adequate governance programme, including a comprehensive communication strategy and should be applied across all jurisdictions. One of the benefits of designing a globally accepted common data set is that there, by default, will be consistency in governance and communication of any changes. We also believe that changes should not be retrospectively applied.

12. Do the benefits of mandating a publically available standard reference representations and possibly a central maintenance authority outweigh the potential effect on innovation and competition in the creation of new indices or index identifiers?

We support the submission made by ISDA.

13. Would using a single source for each index identifier and/or asset class be preferable to using multiple index providers? If so, why, and which providers would you recommend and why?

We support the submission made by ISDA.

14. How should currencies that do not have ISO 4217 codes be represented?

The GFXD does not believe that non-ISO defined currency codes should be supported for data reporting. We believe that data requirements should follow industry standards where possible, in order to avoid ambiguity, misinterpretation and thus different submissions between parties. Such a factor is critical when wider data aggregation across jurisdictions is considered too. We also suggest that offshore currencies should be mapped to their onshore currency ISO 4217 code.

15. Is there any uncertainty regarding how Reporting Counterparties should determine and report the Asset Class treated as the primary asset class involved in a multi-asset swap?

The GFXD suggests that there will be uncertainty in reporting for any complex/bespoke products, including multi-asset swaps. Such products, by default, are not standardised with each firm having its own proprietary booking model, which will influence how trades are reported to the trade repository. Standardisation has been made within the confirmation space, as recently demonstrated by work performed by the GFXD in standardising the FpML templates for 26 FX products. Such standardisation will help to influence, over time, the accuracy of confirmation and trade reporting models. Ultimately however, for reporting purposes in a single sided regime it will be the reporting party which decides which asset class is the primary.
16. Please provide feedback on any aspect of the draft technical specifications for the data elements presented below.

For FX, the GFXD has historically supported the position that trades should be reported in the same fashion as to how they are confirmed, and where possible that multi-legged structures are reported using a link-ID, which should be subsequently reported to the regulator. Such an approach gives the regulator the best opportunity to understand the product traded and the linkage between individual components. We would also like to draw reference to the recent technical standards on reporting obligations, produced by ESMA, in which it is stated:

117. ESMA has considered these comments and has concluded that complex derivative products should be decomposed and reported as multiple derivative contracts. Furthermore, ESMA has amended the standards to facilitate the use of multiple reports by the introduction of the field “Complex trade component ID”. This field, internal to the reporting firm, must be used to identify all the reports related to the same execution of a combination of financial instruments.

17. Are there alternative terms for representing the value exchanged between parties for different asset classes and different types of contracts within each asset class?

For FX, the GFXD believes that, given the considerable number of market participants and the varying levels of sophistication of those participants, the CFTC would receive better quality data if it accommodates the varying ways in which some fields can be represented. However, it is critical to the reporting of data that there are globally consistent definitions of terms and that these terms are used to mean the same thing in each region. For instance, ‘price’ and ‘notional’ should explicitly mean the same thing in the U.S. and Europe for all regulations, not just those with a reporting element.

18. Price is currently reported in several ways, including Price, Spread, Percentage, and Upfront Points. Is this list sufficient or should other Allowable Values be added?

The GFXD believes that these values are sufficient but that each term should be explicitly defined to avoid any interpretive issues.

19. Should each asset class have a specific list of allowable Price types? If so, please suggest allowable price types.

Yes. The GFXD believes that, due to the heterogeneous nature of the derivatives market, different terms may be more applicable to each asset class. However, each term should be explicitly defined to avoid any interpretive issues.

20. What additional data elements related to Price should be provided for each asset class or product type to fully reflect the value exchange by counterparties of the swap?

For FX, the GFXD has no additional data elements for consideration but would like to suggest that, due to the ever evolving nature of the derivatives markets, mechanisms should exist to accommodate for innovation.

21. Where a swap uses “post pricing” (e.g., the pricing is determined by an average price over time, volumetric weighted average price, closing price, opening price), how should the Price data element be expressed before the numerical price value is determined for each type of post-priced swap?

---

For FX, the GFXD suggest that the price of the transaction should be reported as and when determined and that regulators, by assessing other data fields would be able to understand - for example using the mark-to-market reported on a daily basis.

22. Please provide feedback on any aspect of the draft technical specifications for the data elements presented below.

The GFXD does not have further feedback on this question.

23. What challenges exist for reporting of static and/or varying notional amounts, such as a schedule for accreting or amortizing swaps? Do you have recommendations for addressing these challenges?

For FX, whilst the GFXD is not aware of any immediate issues with trades whose notional varies during the trade life-cycle, we note that in Europe ESMA has suggested, via its updated Article 9 RTS9, that:

42. It was proposed to amend and rename the Table 2 Field 14 “Notional amount” and introduce a new field on the notional. Overall, the majority of respondents were against introducing a new field as it could cause confusion of which field should be updated to reflect the current notional. ESMA understands these concerns and therefore only one field for the “Notional” (now table 2, field 20) will be maintained.

Thus in Europe, the current notional will only be re-reported when the notional is impacted by a lifecycle event and an amortisation event, for instance would not be deemed a lifecycle event.

24. How should the reported notional amount reflect embedded leverage that may alter the “effective” notional amount of the swap?

The GFXD has no comments in response to this question.

25. Please provide feedback on any aspect of the draft technical specifications for the data elements presented below.

For FX, the GFXD believes that any terminology or definitions should be globally consistent, should be explicitly defined and should be consistent throughout all regulations, not just those pertaining to trade reporting. We believe that where this is not the case, and where market participants have to interpret, the resulting trade reporting is likely to be inconsistent, either between parties or across jurisdictions, resulting in the current status quo where collated data is of less use to the regulators.

26. What challenges may exist for reporting Additional Fixed Payments? If so, what alternative approaches are available?

The GFXD does not believe that it is of benefit to report the brokerage (including FXPB fees) paid on a particular trade and questions the inclusion of such a field. We believe there is little to no systemic risk benefit in reporting this information to regulators. From a technical perspective, it is unlikely that this data will be available of trade/by trade basis from the reporting systems and will have little value when matching trades at a trade repository due to the bilateral nature of the brokerage fees charged. Brokerage is unlikely to be recorded and attached to a trade at execution and will likely present a significant technological build for market participants to accommodate this requirement with little if any perceived regulatory benefit.

We also suggest for multi-leg trades, associated with a link ID, that the CFTC is not prescriptive on which leg the fee is reported, and continues to accommodate for the firm by firm proprietary nature in which complex and bespoke structures, including multi-legged structures are booked.

27. Please provide feedback on any aspect of the draft technical specifications for the data elements presented below.

For FX, the GFXD suggests that given the global, cross border nature of the market and the wide and varied number of market participants, that the ‘Additional Fixed Payment Types’ are likely to be inconsistently interpreted across market participants, primarily due to the fact that each firm has its own proprietary risk management systems in which they may represent each of these event types differently. This will impact the quality of the data reported to the trade repository.

28. Do the allowable values for Option Type clearly and properly reflect the possible outcomes resulting from an option exercise as they relate to the underlying contract?

For FX, the GFXD suggests that due to the ever evolving nature of the derivatives markets, mechanisms should exist to accommodate for innovation.

FX products that exercise into FX cash trades generate for each counterparty both the right to receive a currency and the right to pay a currency, and as such this field would need to accommodate multiple submissions or should be further defined.

We also suggest that for FX, ‘Option Type’ allowable value ‘Call’ or ‘Put’ is also misrepresentative, as for example the buyer of an option, buys both the Call and Put, and not one or the other.

29. Do the allowable values for Option Strike Type properly reflect the range of appropriate entries for this data element?

For FX, the GFXD believes that any terminology or definitions should be globally consistent, should be explicitly defined and should be consistent throughout all regulations, not just those pertaining to trade reporting. We believe that, where this is not the case, and where market participants have to interpret requirements, the resulting trade reporting is likely to be inconsistent, either between parties or across jurisdictions, thus continuing the current situation where collated data is of little use to the regulators.

30. Does the definition of Option Strike adequately describe the range of entries for this data element?

For FX, the GFXD believes that any terminology or definitions should be globally consistent, should be explicitly defined and should be consistent throughout all regulations, not just those pertaining to trade reporting. We believe that, where this is not the case, and where market participants have to interpret requirements, the resulting trade reporting is likely to be inconsistent, either between parties or across jurisdictions, thus continuing the current situation where collated data is of little use to the regulators.

31. Do the allowable values for Option Premium Amount Type properly reflect the range of appropriate entries for this data element?

For FX, the GFXD believes that any terminology or definitions should be globally consistent, should be explicitly defined and should be consistent throughout all regulations, not just those pertaining to trade reporting. We believe that, where this is not the case, and where market participants have to interpret
requirements, the resulting trade reporting is likely to be inconsistent, either between parties or across jurisdictions, thus continuing the current situation where collated data is of little use to the regulators.

32. How should the Embedded Option Indicator data element be defined? Should optional termination rights at the market price of the swap, “tear up” swaps and/or “First Method” style termination rights be considered embedded options?

The GFXD would like to question the relevance of this field for risk monitoring purposes. Any further trade actions would be reported as such and we believe that approach offers the best opportunity for regulators to monitor any ‘embedded’ or other functionality of the product.

33. Please provide feedback on any aspect of the draft technical specifications for the data elements presented below.

For FX, the GFXD believes that any terminology or definitions should be globally consistent, should be explicitly defined and should be consistent throughout all regulations, not just those pertaining to trade reporting. We believe that, where this is not the case, and where market participants have to interpret requirements, the resulting trade reporting is likely to be inconsistent, either between parties or across jurisdictions, thus continuing the current situation where collated data is of little use to the regulators.

34. Is a single Order ID sufficient to access historical order information? If not, what other identifier(s) would be sufficient to access historical order information?

We support the submission made by ISDA.

35. What challenges exist for reporting this type of order information for a particular swap traded on or subject to the rules of a SEF or DCM? Do you have recommendations for addressing these challenges?

We support the submission made by ISDA.

36. Please provide feedback on any aspect of the draft technical specifications for the data elements presented below.

For FX, the GFXD believes that any terminology or definitions should be globally consistent, should be explicitly defined and should be consistent throughout all regulations, not just those pertaining to trade reporting. We believe that, where this is not the case, and where market participants have to interpret requirements, the resulting trade reporting is likely to be inconsistent, either between parties or across jurisdictions, thus continuing the current situation where collated data is of little use to the regulators.

For instance, we are aware of order tracking obligations under MiFID/R and suggest for harmonisation purposes that obligations be as jurisdictionally aligned as possible even if this requires new or amendments to existing legislations.

37. Are the proposed data elements appropriate in identifying which swaps are executed as component legs of a package transaction?

We support the submission made by ISDA.
38. Are there any unique characteristics to certain types of package transactions that Staff should account for in devising data elements?

We support the submission made by ISDA.

39. Should the data elements provide pricing for each component of a package transaction, or is it sufficient to only provide (1) pricing for the swap components only; or (2) price for the entire package?

The GFXD suggests that the price for the package should be represented as a whole rather than being deconstructed per each component. A package is priced as a single trade and should be reflected as such.

40. Should the data elements specifically identify the types of non-swap instrument component legs in the package transaction?

We support the submission made by ISDA.

41. Please provide feedback on any aspect of the draft technical specifications for the data elements presented below.

We support the submission made by ISDA.

42. Are the sources cited above, and the associated Allowable Values, sufficiently clear to avoid any ambiguity regarding clearing requirements and allowable exemptions? If not, what ambiguity exists that Staff might address?

We support the submission made by ISDA.

43. Please provide feedback on any aspect of the draft technical specifications for the data elements presented below.

Whilst clearing for FX is still in its infancy, the GFXD would like to comment on current behaviours seen with respect to trades executed on SEFs and the challenges with the reporting of such trades, usually resulting in ‘breaks’ at the trade repositories. Specifically:

Intent to clear indicator – trades currently executed on SEFs are not identified by the SEFs as having an intent to clear. Additionally, once a trade is sent for clearing, the SEFs are not yet cancelling the original trade as expected which, once the CCP submits the report, is often duplicating reports at the trade repository.

44. To represent that the reporting counterparties and the SDRs have confirmed data accuracy, is there a methodology better than reporting the Data Accuracy Confirmation by Counterparty data element?

The GFXD believes that the current Material Terms reconciliation is sufficient. As per regulated obligations, a market participant will comply with Part 43 reporting requirements, Part 45 reporting requirements and then perform the Material Terms reconciliation. As is understood by the GFXD, the suggestion is now that the market participant would be expected to submit another update to their trade report to update the ‘Data Accuracy’ element. We feel that this is of little value and will add significant volume to both the trade repositories and to the CFTC in consuming this extra data.
Technically, the CFTC should be aware that it is highly unlikely that reporting parties will have built a link to be able to report such an update and will likely require a U.S. specific build, further deviating from a globally harmonised data reporting requirement.

45. Please provide feedback on any aspect of the draft technical specifications for the data elements presented below.

For FX, the GFXD suggests that the field ‘Data Accuracy Confirmation by Counterparty’ is potentially misleading, specifically the request to populate with ‘Failed To Respond’ when no active affirmation or dispute has been received within 48 hours of trading.

We generally see that firms are not using data from the trade repository to perform their Material Terms reconciliation, especially as, in most instances, a firm will not be reporting the trade themselves to the trade repository. We suggest that ‘Failed to Respond’ implies that is not appropriate to manage reconciliations in such a way. Given that this is not a current requirement we suggest that this acceptable approach be renamed accordingly.

We also view that the suggestion to report the date/time when the last reconciliation was performed is of little value to the CFTC and will also result in a significant U.S. specific technology build, will increase the volume of reporting to the trade repository (and CFTC), but will essentially be meaningless if market participants populate the previous field with ‘Failed to Respond’.

46. Are there any challenges for reporting the updated next reset date as the floating leg resets over time?

The GFXD has no comments in response to this question.

47. Is there a different methodology for Staff to know the updated next reset date that is more efficient than the reporting of the Next Reset Date data element?

The GFXD has no comments in response to this question.

48. Is there a better methodology or should Staff provide more guidance on reporting the Valuation Amount?

The GFXD has no comments in response to this question.

49. Are there any conditions under which the NPV of a given leg/stream cannot be adequately determined? If so, how should the inability to determine the NPV be reported?

The GFXD has no comments in response to this question.

50. What are the challenges to reporting Leg NPV for a trade with changing notionals and fixed rates that cannot be accurately represented by simple aggregation measures? Do you have recommendations for overcoming these challenges?

The GFXD has no comments in response to this question.

51. Are there any additional data elements related to valuation that would improve Staff’s ability to use valuation data and/or to fulfill their regulatory responsibilities?
The GFXD has no comments in response to this question.

52. Please provide feedback on any aspect of the draft technical specifications for the data elements presented below.

The GFXD has no comments in response to this question.

53. What are the challenges to reporting the following collateral information:

(a) eligible currencies, securities and haircuts;
(b) other types of eligible collateral and valuation;
(c) rehypothecation election; and
(d) segregation of posted collateral in a triparty custodial account?

Do you have recommendations for addressing these challenges?

The GFXD has no comments in response to this question.

54. What are the challenges to reporting Independent Amount/Initial Margin and Variation Margin amounts separately? Do you have recommendations for addressing these challenges?

The GFXD has no comments in response to this question.

55. What are the challenges to reporting if a transaction is guaranteed by multiple entities at varying levels of subordination?

The GFXD has no comments in response to this question.

56. Should Netting Set valuation, collateral and margin information be reported at the transaction level or only at the aggregated portfolio level?

The GFXD has no comments in response to this question.

57. Are the data described in the data element Close Out Netting Set Portfolio and Collateral Valuation Currency all denominated in the same currency? If not, should there be additional data elements to capture the currencies?

The GFXD has no comments in response to this question.

58. Please provide feedback on any aspect of the draft technical specifications for the data elements presented below.

The GFXD has no comments in response to this question.

59. Are there any other event types that are important to define and track?

The GFXD has no comments in response to this question.
60. Are there other ways to resolve the challenges encountered by Staff in understanding swap events? If so, please provide details regarding how these potential solutions illustrate both: (i) all of the events impacting a swap and (ii) the current status of a transaction?

For FX, the GFXD believes that any terminology or definitions should be globally consistent, should be explicitly defined and should be consistent throughout all regulations, not just those pertaining to trade reporting. We believe that, where this is not the case, and where market participants have to interpret requirements, the resulting trade reporting is likely to be inconsistent, either between parties or across jurisdictions, thus continuing the current situation where collated data is of little use to the regulators.

61. What are some of the challenges with the Event Types listed below? If so, please provide suggestions to address them.

For FX, the GFXD believes that any terminology or definitions should be globally consistent, should be explicitly defined and should be consistent throughout all regulations, not just those pertaining to trade reporting. We believe that, where this is not the case, and where market participants have to interpret requirements, the resulting trade reporting is likely to be inconsistent, either between parties or across jurisdictions, thus continuing the current situation where collated data is of little use to the regulators. For instance, we note that a ‘Give-up’ flag has been proposed under MiFID/R and is not included in this section.

Specifically for the ‘Event Type’ elements, we feel that these new fields will provide challenges that will be magnified within the FX market due to the global, cross border nature of the market and the large number of market participants with varying levels of technical sophistication. We would expect that a significant number of reporting mismatches will be created by the introduction of these new event fields. We also suggest that due to the varying nature of where in their technological ‘stack’ firms issue their trade reports, the inclusion of such new event fields will invariably result in a significant and U.S. centric technology build, further distancing U.S. reporting obligations away from any globally harmonised data set. Technology solutions for data reporting are better dealt with as a whole and any detraction from a standardised approach ultimately results in a region specific technology solution, with additional associated costs, risks and controls. This applies to reporting parties, infrastructure providers, execution platforms, trade repositories and regulators alike especially when considering data aggregation.

62. Is there any uncertainty regarding how Reporting Counterparties should determine whether an event is price-forming or not?

For FX, the GFXD believes that price forming events are well understood by market and reporting parties.

63. What factors should Reporting Counterparties consider in determining whether an event is price-forming or not?

For FX, the GFXD believes that price forming events are well understood by market and reporting parties.

64. Do the descriptions suggested for Event Types clearly convey when an event is price forming in nature or not?

For FX, the GFXD believes that any terminology or definitions should be globally consistent, should be explicitly defined and should be consistent throughout all regulations, not just those pertaining to trade reporting. We believe that, where this is not the case, and where market participants have to interpret
requirements, the resulting trade reporting is likely to be inconsistent, either between parties or across jurisdictions, thus continuing the current situation where collated data is of little use to the regulators.

65. Please provide feedback on any aspect of the draft technical specifications for the data elements presented below.

For FX, the GFXD believes that any terminology or definitions should be globally consistent, should be explicitly defined and should be consistent throughout all regulations, not just those pertaining to trade reporting. We believe that, where this is not the case, and where market participants have to interpret requirements, the resulting trade reporting is likely to be inconsistent, either between parties or across jurisdictions, thus continuing the current situation where collated data is of little use to the regulators. For instance, we note the existence of ‘flags’ for event-reporting obligations under MiFID/R in Europe.

67. Should swap data reporting select the multiplier approach or the effective notional approach? Please provide reasons for your selection.

The GFXD has no comments in response to this question.

68. Please provide feedback on any aspect of the draft technical specifications for the data elements presented below.

The GFXD has no comments in response to this question.

69. How should the spot component of a jurisdictional foreign exchange swap transaction be represented?

For FX, the GFXD has continued to support the position that a FX swap consists of a near-leg and a far leg and that both legs should be reported as such irrespective of the settlement date. As such there is not a ‘spot component’ of a FX swap. We also support the use of a link ID, which allows regulators the ability to understand the relationship between the near and far legs of the FX swap. Considering this, we suggest that the spot component should be correctly termed the near leg and reported as such.

We also note that ESMA in its recent technical standards on reporting obligations also supports that:

117. ESMA has considered these comments and has concluded that complex derivative products should be decomposed and reported as multiple derivative contracts. Furthermore, ESMA has amended the standards to facilitate the use of multiple reports by the introduction of the field “Complex trade component ID”. This field, internal to the reporting firm, must be used to identify all the reports related to the same execution of a combination of financial instruments.

70. What are the swap data elements best suited to link the spot and forward components of a foreign exchange swap?

For FX, the GFXD believes that each leg of a FX swap will have its own USI and that the use of a link ID, associating the 2 trades, still remains the best way to identify the near and far legs of a FX swap.

---

71. Are there additional data elements that are needed for regulatory reporting of transactions in the foreign exchange asset class, including data elements that may be specific to particular types of foreign exchange transactions?

For FX, the GFXD believes that the CFTC, in conjunction with its global peer regulators should look to define a common data set of values and explicitly define these. These common data fields should include all of the key fields that the regulators require in order to perform mandated oversight functions and should include specificity to enable all products to be reported. We do not believe, for example, that the current practice in the U.S. of attaching long-form confirmations to trade reports is scalable and of any practicable use to the regulatory community. Our view is that the common data set should be reportable to the CFTC either as PET/real-time data or, if necessary, as a form of supplementary data within a suitable timeframe, rather than through an interpretation of the contractual terms that must be included in confirmations or reported as ‘confirmation data’. This would promote legal certainty, data standardization and aggregation, and produce reported data that is more useful to the CFTC and other regulators.

The GFXD would be pleased to continue dialogue with the CFTC in order to identify such fields and to work with the industry accordingly to ensure that this is both practicable and of regulatory benefit.

72. Please provide feedback on any aspect of the draft technical specifications for the data elements presented below.

Specifically for FX, the GFXD would like to suggest:

Delivery type – as referenced in the ISDA/GFMA-GFXD/IA response to the recent CPMI IOSCO consultation on the Harmonisation of key OTC Derivatives data elements (other than UTI and UPI) – first batch\(^\text{1}\), we suggested that the settlement method, i.e. the Delivery Type, should be defined as follows, and we recommend the CFTC leverages such an approach:

**Allowable values**

The Associations agree with the specified allowable values of C=Cash and P=Physical. However, we suggest that the third allowable value be E=Election rather than O=Other. Election, which refers to the right to select the settlement method, is an industry standard value so should be the value reported rather than necessitating a mapping to “Other”.

**Definition**

The specific terms for settlement methods are defined in the relevant asset class definitions that govern each OTC Derivatives transaction. For interest rates, credit and commodity derivatives, the defined terms are “Cash Settlement” and “Physical Settlement”\(^\text{2}\). For FX the defined terms are “Non-Deliverable” and “Deliverable”\(^\text{3}\), where “Non-Deliverable” is equivalent to “Cash Settlement”, and “Deliverable” is equivalent to “Physical Settlement”. As part of the definition of Settlement Method, we suggest the CPMI-IOSCO guidance should acknowledge the industry standard terms and definitions that apply to OTC derivatives transactions and provide additional clarity by including the following:


\(^\text{2}\) Defined in the 2006 ISDA Definitions, 2014 ISDA Credit Derivatives Definitions, 1996 Equity Derivatives Definitions and the 2005 ISDA Commodity Definitions, respectively.

\(^\text{3}\) Defined in the 1998 FX and Currency Option Definitions.
• **Cash** refers to either “Cash Settlement”, as defined in the relevant product definitions published by the International Swaps and Derivatives Association, Inc. (“ISDA”), or “Non-Deliverable” as defined in the relevant product definitions published by ISDA, the Emerging Markets Traders Association and The Foreign Exchange Committee (the “FX Definitions”).

• **Physical** refers to either “Physical Settlement”, as defined in the relevant product definitions published by ISDA, or “Deliverable”, as defined in the FX Definitions.

• **Election** refers to the right for a party to select either Cash or Physical settlement, as defined above.

Exchange rate and exchange rate basis – These fields should be able to be populated inverse bookings, such as GBPUSD or USDGBP

73. Are any of the Data Elements listed herein unclear? Do any Data elements require greater standardization?

The GFXD has no comments in response to this question.

74. Are any of the Descriptions inconsistent with common industry usage or your utilization of the data element?

The GFXD has no comments in response to this question.

75. Are there any additional Allowable Values that are required to properly represent the reporting of swap transactions?

The GFXD has no comments in response to this question.

76. Is there a better electronic representation of the Data Elements that can be prescribed in the Format data element?

The GFXD has no comments in response to this question.

77. Should “date” related Data Elements be adjusted or unadjusted?

The GFXD has no comments in response to this question.

78. Is the Day Count Convention list of allowable values sufficient?

The GFXD has no comments in response to this question.

79. Are there any other data elements that reporting counterparties require in order to accurately reflect all of the economic terms of a swap transaction or adhere to existing reporting regulations?

The GFXD has no comments in response to this question.

80. Are there other data elements not included in this draft technical specifications for certain swap data elements that you think should be prioritized for standardization? Please explain why and provide relevant information as per the draft technical specifications for certain swap data elements included in the Appendix, such as Description, Allowable Values, and Format.

The GFXD has no comments in response to this question.
We appreciate the opportunity to share our views on the Consultation Paper. Please do not hesitate to contact Victoria Cumings on +1 212 313 1141, email vcumings@gfma.org or Andrew Harvey on +44 (0) 203 828 2694, email aharvey@gfma.org should you wish to discuss any of the above.

Yours faithfully,

James Kemp
Managing Director
Global Foreign Exchange Division, GFMA