



Commodity Futures Trading Commission

Office of Public Affairs

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Proposed Rule on Real Time Public Reporting of Swap Transaction and Pricing Data

The Commodity Futures Trading Commission (Commission) is proposing rules to require public reporting of certain swap transaction pricing and volume data and to establish a procedure for determining appropriate minimum sizes for block trades and large notional swap transactions.

Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act)

Section 727 of the Dodd-Frank Act amends the Commodity Exchange Act by inserting a new section 2(a)(13), which requires public availability of swap transaction data. The Dodd-Frank Act specifies that swap price and volume data be reported to the public as soon as technologically practicable after the swap has been executed. The Dodd-Frank Act also requires that reported information does not identify the participants to the swap transaction.

Parties Responsible for Reporting

The proposed rules require the parties to a swap to report swap data to a real-time disseminator, which would be either a swap data repository that accepts data for the particular asset class, or to a third-party service provider. Such report must be made as soon as technologically practicable.

Parties to a swap may satisfy this requirement by executing the transaction on a swap market, which is either a swap execution facility (SEF) or a designated contract market (DCM). Under the proposed rules, the swap market would be responsible for reporting the swap data to a real-time disseminator as soon as technologically practicable following execution of the transaction.

For swaps executed off of a SEF or DCM, the proposed rules specify an order of precedence for reporting the swap pricing and volume data. If the swap includes a swap dealer, then the swap dealer is responsible for reporting. If the swap does not include a swap dealer but does include a major swap participant (MSP), then the MSP is responsible for reporting the swap. If the swap includes two swap dealers or two MSPs, then the parties to the swap must choose which party must report. If the swap does not include either a swap dealer or a MSP, then the parties to the swap must choose which party must report.

Data to be Reported

The proposed rules specify data fields that must be reported to the public. The data fields provide meaning to the price of the swap by defining the contract type, the underlying asset class and commodity, the tenor of the swap, the payment frequencies, and other relevant fields.

Timing of Reporting

The proposed rules require that swap transactions be reported to a real-time disseminator as soon as technologically practicable. Upon receipt of the data, the real-time disseminator must make the swap transaction data publicly

available as soon as technologically practicable. Reports for block trades and large notional swap transactions are subject to a delay in reporting to the public.

Block Trades and Large Notional Swaps

Under the proposed rules block trades and large notional swaps are subject to a delay in the reporting of swap transaction and pricing data to the public. For standard contracts, which are traded on a SEF or DCM or are subject to the end-user exemption, the reporting delay is 15 minutes. The reporting party is responsible for transmitting the swap transaction and pricing data to the real-time disseminator as soon as technologically practicable. The real-time disseminator would hold the data until the expiration of the 15-minute period following execution.

For customized trades, the Commission is requesting comment regarding the appropriate time delay for reporting such large notional swap transactions.

Appropriate Minimum Block Size

The proposed rules specify a procedure using two tests—the distribution test and the social size multiple test—to determine the appropriate minimum block size for block trades and large notional transactions. The distribution test determines the transaction size that is larger than 95 percent of transactions for that category of swap instrument over the past calendar year. The social size multiple test is the transaction size that is five times the largest of the mean, median, and mode of transaction sizes for that category swap instrument over the past calendar year. The appropriate minimum block size would be the larger size determined by those two tests. SDRs would be responsible for determining the appropriate minimum block size.

The Commission is requesting comment on whether a third test should also be applied in determining the minimum appropriate block size. Specifically, should the minimum appropriate block size be set so that no more than 10 percent of swap transactions in the category of swap instrument would have qualified as a block trade or large notional swap transaction?