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# TAC Meeting September 12, 2013

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Update on Swaps Data Reporting



**CFTC**

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## What are the Commission's Objectives

- Harmonization
  - SDRs must standardize the data elements and content in order for the CFTC to aggregate data across SDRs
- Quality
  - SDRs must validate and normalize data
- Accessibility
  - SDRs must provide direct electronic access for CFTC staff to search, query, filter, sort and export swaps data
- Analytics
  - SDRs must develop reports and analyses of SDR operations, data quality, and industry data points across asset classes



## Harmonization (Standardization)

### • Phase 1 Process and Progress

- Staff is working with each SDR separately on SDR specific issues
- Staff is also working with the SDRs in a cross-SDR team effort
- Efforts are focused on data elements that may include PET data from Part 45 or Part 43, as well as SDR information as defined in Part 49
- Efforts are focused on harmonizing data already existing in the SDRs, not on requiring new data from submitters
- Efforts are focused on CDS asset class first to work in a manageable way, then will apply to other asset classes where appropriate
- Effort does not focus on delivery method or location of data but agreement on consistent data content is key
- Effort currently is not an FIXML or FpML discussion
- SDRs will develop an Action Plan by asset class and data element



## Harmonization (Standardization)

- **Phase 2 Effort**

- Additional selection of core data elements
- Continued focus on CDS asset class

- **Key Considerations of Harmonization Effort**

- Impact on entities (data submitters) reporting to SDRs
- Prioritizing timing of implementation release cycles to deliver new portal functionality
- Impact of global data standards
- Potential data uses by CFTC

- **Future Phases**

- Focus of Phase 3 is to add more core data elements for CDS`
- Focus of Phase 4 will shift to different asset classes
- Additional data elements will be considered as needed



## Process Going Forward

- **CFTC will have an ongoing dialogue to work through regulatory requirements for SDRs and phasing of implementation**
  - CFTC will be taking the best capabilities of each SDR and making them requirements for others to achieve the highest common denominator of standardization and capability
  - This will mainly relate to functional requirements of the SDR, not how requirements are technically implemented
  - SDRs will provide action plans by phase and by asset class to document how they will implement harmonization



## SDR Progress Report

- **Harmonization:**
  - What are the aggregation capabilities?
- **Data Quality:**
  - What is being done to ensure data quality?
- **Accessibility:**
  - What regulatory portal modifications are being implemented?
- **Analytics:**
  - What are the reporting capabilities?



## SDR Progress– April to Present

- **Issues Identified**

- At April TAC meeting, Commissioners and Staff identified issues with aggregating swap data amongst CME, DDR & ICE (SDR file formats & data content were not standardized)
- CFTC analysis of CICI registration illustrated the need for market participants to register for CICIs (cross-border guidance & end-user adoption)

- **Key Outcomes**

- A series of meetings & calls were held by CFTC staff with SDRs (strawman of Phase 1 data elements for credit default swaps asset class)
- CFTC Office of Data & Technology requested SDRs to provide CICI reports (SDRs analyzed submitted swap data for CICI submission & encouraged CICI registration)



## Joint-SDR Harmonization Initiative– Phase I

- **Process and Progress**

- CME, DDR & ICE are uniformly working to provide standardized, normalized data (collectively “harmonized data”) to the CFTC
- The SDRs have collaboratively completed analysis and proposed recommendations for Phase I scope (data elements and definitions)
- The SDRs have accommodated CFTC requests to include data elements that extend beyond P45 data where those elements can be derived from existing SDR data

- **Key Outcomes**

- Implementation of the harmonization effort will focus on modifying the data output to the CFTC, reducing impact on inbound submissions
- The results of the harmonization effort will be reflected both in the reports and the portal access provided by SDRs to the Commission



## The Next Phases and Challenges

- **Harmonization – Future Phases**

- Beginning phases include those fields that require a change in data presentation and/or can be derived from the data currently supplied to an SDR.
- Multi-phased approach across asset classes (commencing with CDS)
- The inclusion of fields that would require reporting parties to provide additional information that they are currently not obligated to report is being discussed.

- **Multiple Resource Demands**

- Improving data quality and making further strides in harmonization needs to be balanced against implementation of upcoming regulatory requirements.

- **Swap Execution Facilities (SEFs)**

- The shift in the reporting obligation from the counterparties to a swap transaction to SEFs will effect data quality.
  - The degree of industry preparedness on the SEF Compliance Date will determine whether data quality increases or decreases (i.e., inability of counterparties to suppress the reporting of transactions traded on a SEF will result in double reporting).