



U.S. COMMODITY FUTURES TRADING COMMISSION

Three Lafayette Centre
1155 21st Street, NW, Washington, DC 20581
Telephone: (202) 418-5260
Facsimile: (202) 418-5527

Office of the Chief
Economist

August 5, 2011

Dear Subcommittee members,

Thank you very much for agreeing to serve on the Subcommittee of Data Standardization of the CFTC Technology Advisory Committee.

Today we have the first public meeting of the subcommittee here at the CFTC. According to the agenda that you all have, we will begin with the opening remarks, statements and brief introductions; then members on each of the four working groups will have a chance to discuss issues, projects, and deliverables; and at the end we will gather together again to summarize the results of today's work.

Attached to my remarks is a list of issues and possible deliverables for each working group. These are suggestions to get us all started. Each working group will ultimately draw on the expertise of its members when deciding what issues to tackle and what end product to deliver to the Technology Advisory Committee.

For example, for a particular issue within your workgroup, you may advise that a regulatory action is needed and describe what that action might be. Or you may advise that regulatory oversight of ongoing private processes would be best, or that no practicable solution to the issue is at hand. You may also wish to flag and consider other issues not on this list but within the topic scope of your workgroup.

In considering your recommendations, please keep in mind the general goals of promoting market stability and efficiency, increasing transparency, removing barriers to entry at various industry levels, and avoiding unduly burdensome transition costs or requirements. The Technology Advisory Committee, and ultimately the Commodity Futures Trading Commission, approaches these issues with an open mind and welcomes the private/public partnership demonstrated by your participation on this important subcommittee.

Just as a reminder, the next meeting dates will be Friday, September 30, 2011 from 1 pm to 4 pm and Friday, November 4, 2011 from 1 pm to 5 pm.

Let's get to work!

Cordially,

Andrei Kirilenko
Chief Economist, CFTC
Chair, TAC Subcommittee on Data Standardization

Group 1 Product and Entity Identification

The issue:

There is currently no widely accepted standardized list for product and entity identification, although there are industry efforts underway in coordination with the international community. Use of such identifiers assist in the greater consistency in the collection, reporting, and management of individual transactions and mitigation of systemic risk.

Beyond and part from existing CFTC rulemakings, such as [17 CFR Part 45 Swap Data Recordkeeping and Reporting Requirements](http://www.cftc.gov/ucm/groups/public/@Irfederalregister/documents/file/2010-30476a.pdf) (<http://www.cftc.gov/ucm/groups/public/@Irfederalregister/documents/file/2010-30476a.pdf>), and related SEC rulemakings, there is a public and private need for greater standardization.

Proposed deliverables:

Beyond these existing rulemakings, what role can/should government regulators take in setting the timetable for completion of a standard list and obtaining/mandating consensus on standardized product and entity identifiers in the swaps market? Input on mechanisms through which these identifiers will be issued.

How can standardization be coordinated with international organizations and governmental practice without unduly delaying progress?

Analysis of how standardization in this area could be designed to minimize transition costs by not requiring pre-existing business practices to switch to different markup languages.

Membership:

Eric Chacon, Global Head of Data Standards, Citigroup
Neil Chinai, Managing Director of Technology, Barclays Capital
RJ Cummings, VP Product Development, ICE
Bob Green, Vice President, DTCC
Marlene McMahon, Senior Business Manager, SWIFT Americas
Brian Okupski, Director, Head of Reference Data Business, Markit

Working Group Co-Coordinator:

Andy Thatai, Data Architect, CFTC Office of Information Technology
Bill Nichols, Associate Director Information Standards, Office of Financial Research,
U.S. Treasury

Group 2 Machine-Readable Legal Documents

The issue:

Pursuant to [Section 719\(b\) of Dodd-Frank](#), the SEC and CFTC prepared and submitted to Congress this April 2011a [Joint Study on the Feasibility of Mandating Algorithmic Descriptions for Derivatives](#). See <http://www.cftc.gov/pressroom/pressreleases/pr6017-11.html>. One of the key conclusions of that study was that the economic and legal terms of a derivatives contract, including lifecycle events, could be and should be machine-readable. This is technologically achievable.

Proposed deliverables:

Recommendations on how and when standardized machine-readable legal documents can be created for most complex swaps, including ISDA master agreements and collateral documents.

Recommendations on how much machine-readable data can be standardized for regulatory oversight or delivery to swap data repositories.

Recommendations on whether, how, and when data on lifecycle events can be captured and analyzed by regulators to analyze net exposures in the market.

Any recommendations on how to standardize bespoke products for machine-readability.

Comments on or recommendations on how to implement Section 719(b) study recommendations concerning machine-readable documents.

Membership:

Michael A. Will, Founder and Chief Technology Officer, docGenix
Pierre Lamy, VP Global Derivatives Technology Group, Goldman Sachs
Paulo Rodela, Managing Director, BlackRock Solutions

Working Group Coordinator:

Nancy R. Doyle, Assistant General Counsel, CFTC

Group 3 Semantic Representation of Financial Instruments

The issue:

Pursuant to [Section 719\(b\) of Dodd-Frank](#), the SEC and CFTC prepared and submitted to Congress this spring a [Joint Study on the Feasibility of Mandating Algorithmic Descriptions for Derivatives](#).

There is a need and desire to go beyond legal entity identifiers and lay the foundation for universal data terms to describe transactions.

Proposed deliverables:

How to achieve consensus among varying private industry approaches to this issue?

What is a proposed timeline for achieving semantic representation and taxonomy with realistic milestones?

How to coordinate internationally with any domestic regulatory initiatives or partnerships?

Membership:

Michael Atkin, Managing Director, Enterprise Data Management Council
Karel Engelen, Director and Global Head Technology Solutions
Timothy J. McHenry, Director, Information Services, NFA
Karla McKenna, Chairperson of TC68, ISO
James Woods, Chief Technology Officer, FIA Technology Services, Inc.

Working Group Coordinator:

JonMarc Buffa, Senior Trial Attorney, CFTC Division of Enforcement

Group 4 Storage and Retrieval of Financial Data

The issue:

Large amounts of data will be arriving in the swap depositories. <http://www.cftc.gov/ucm/groups/public/@Irfederalregister/documents/file/2010-31133a.pdf> (17 CFR Part 49 Swap Data Repositories). There is a tremendous need for efficiency in design of data storage, transfer, and analysis in a standardized format. Particularly for regulatory reporting and real-time reporting, but also for internal business use, standardization in the treatment of this data is an important common goal of public and private sectors. Beyond and apart from this and other rules or rulemaking proceedings,¹ what public, private, or public/private partnered initiatives can be undertaken to obtain greater standardization while ensuring privacy of data (including PPI) and minimizing transition costs?

Proposed deliverables:

How to best achieve this goal on a reasonable time frame, with analysis of transitions costs?

Specific analysis of what can be easily standardized now (low-hanging fruit) and description of longer-range goals for standardization and how they can be achieved?

What elements of the storage, transfer, and retrieval of financial data could or should be open-sourced?

Without discussion of specific software or hardware products, what types of designs and technological approaches will best integrate reporting to SDRs with real-time use and analysis of market data by market participants and regulators?

Membership:

Marc Donner, Engineering Director, Google, Inc.

Samuel H. Gaer, CIO and EVP, Business Services, FINRA

Adam Litke, Chief Risk Strategist, Bloomberg LP

James Moran, Global Director, Market Regulation Technology & Strategy, CME Group

Peter Marney, Senior VP, Content Marketplace, Thomson Reuters

Working Group Coordinator:

Andrei Kirilenko, Chief Economist and Data Standardization Subcommittee Chair, CFTC

¹ E.g., 17 CFR Part 45 Swap Data Recordkeeping and Reporting Requirements: <http://www.cftc.gov/ucm/groups/public/@Irfederalregister/documents/file/2010-30476a.pdf>, and 17 CFR Part 43 Real-Time Public Reporting of Swap Transaction Data: <http://www.cftc.gov/ucm/groups/public/@Irfederalregister/documents/file/2010-29994a.pdf>.