



# Commodity Futures Trading Commission

## Office of Public Affairs

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## Q & A – Swap Data Recordkeeping and Reporting Requirements

### What is the goal of the proposed rulemaking?

This notice of proposed rulemaking implements the Dodd-Frank Act’s new statutory framework regarding swap data recordkeeping and reporting requirements for swap data repositories (SDRs), derivatives clearing organizations (DCOs), designated contract markets (DCMs), swap execution facilities (SEFs), swap dealers (SDs), major swap participants (MSPs) and swap counterparties who are neither swap dealers nor major swap participants (including counterparties who qualify for the end user exception with respect to particular swaps).

### What are the data recordkeeping requirements under the proposed rulemaking?

Records must be kept throughout the existence of a swap and for five years following final termination or expiration of the swap. The records must be readily accessible throughout the life of a swap and for two years following its final termination.

### What are the data reporting requirements under the proposed rulemaking?

In order to ensure that complete data concerning swaps is available to regulators, the proposed rule calls for reporting of swap data from each of two important stages of the existence of a swap: the creation of the swap, and the continuation of the swap over its existence until its final termination or expiration.

Registered entities and swap counterparties must report required swap creation data electronically to an SDR. Required swap creation data means all primary economic terms data and all confirmation data for a swap.

Reporting of Swap Creation Data				
Reporting Counterparty	Executed on a platform and cleared	Executed on a platform and not cleared	Not executed on a platform and cleared	Not executed on a platform and not cleared
Swap Dealers (SD) and Major Swap Participants (MSP)	SEF/DCM (primary economic terms)	SEF (primary economic terms)	SD/MSP (primary economic terms)	SD/MSP (primary economic terms)
	DCO (confirmation)	SD/MSP (confirmation)	DCO (confirmation)	SD/MSP (confirmation)
Non-SD/MSP Counterparties	SEF/DCM (primary economic terms)	SEF (primary economic terms)	Non-SD/MSP (primary economic terms)	Non-SD/MSP (primary economic terms)
	DCO (confirmation)	Non-SD/MSP (confirmation)	DCO (confirmation)	Non-SD/MSP (confirmation)

Registered entities and swap counterparties must report required swap continuation data electronically to an SDR. Required swap continuation data for credit and equity swaps includes all life cycle event data, contract-intrinsic (scheduled) event data, and specified valuation data. Required swap continuation data for interest rate, currency, and other commodity swaps includes a daily snapshot of all primary economic terms data, including any changes that have occurred since the previous snapshot.

<b>Reporting of Swap Continuation Data</b>				
<b>Reporting Counterparty</b>	<b>Credit and Equity Asset Classes</b>		<b>Interest Rate, Currency, and Other Commodity Asset Classes</b>	
	<b>Cleared</b>	<b>Not Cleared</b>	<b>Cleared</b>	<b>Not Cleared</b>
<b>Swap Dealers (SD) and Major Swap Participants (MSP)</b>	DCO (life-cycle data)	SD/MSP (life-cycle data)	SD/MSP (daily snapshot of primary economic terms data)	SD/MSP (daily snapshot of primary economic terms data)
	DCO and SD/MSP (valuation data)	SD/MSP (valuation data)	DCO and SD/MSP (valuation data)	SD/MSP (valuation data)
	SD/MSP (intrinsic data)	SD/MSP (intrinsic data)		
<b>Non-SD/MSP Counterparties</b>	DCO (life-cycle data)	Non-SD/MSP (life-cycle data)	Non-SD/MSP (daily snapshot of primary economic terms data)	Non-SD/MSP (daily snapshot of primary economic terms data)
	DCO (valuation data)	Non-SD/MSP (valuation data)		
	Non-SD/MSP (intrinsic data)	Non-SD/MSP (intrinsic data)	DCO (valuation data)	Non-SD/MSP (valuation data)

### **How would data be reported and aggregated?**

The proposed rulemaking calls for the use of three unique identifiers in connection with swap data reporting:

- a Unique Counterparty Identifier (UCI)
- a Unique Swap Identifier (USI)
- a Unique Product Identifier (UPI)

These unique identifiers will be crucial regulatory tools for linking data together and enabling data aggregation by regulators across counterparties, asset, classes, and transactions. This will enhance regulators' ability to mitigate systemic risk, prevent market manipulation, conduct effective market and trade practice surveillance, enforce position limits, and exercise resolution authority.

### **What is a Unique Counterparty Identifier (UCI)?**

The UCI would identify the legal entity that is a counterparty to a swap. Under the proposed rules, the Commission would require use of UCIs in all swap data reporting. The Commission prefers to have its swap data reporting regulations prescribe use of a universally-available UCI that is part of an identification system created on an international basis through an international "voluntary consensus standards body," and intends to promulgate final regulations to that effect if such an identification is available sufficiently prior to the implementation date included in the Commission's final swap data reporting regulations. However, the Commission will prescribe its own method for creation of UCIs to be used in swap data reporting.

subject to the Commission's regulations if no such internationally-accepted identification system acceptable to the Commission is available prior to the implementation date of the final regulations.

### **What is a Unique Swap Identifier (USI)?**

The Unique Swap Identifier (USI) called for by the proposed rules would be created and assigned to a swap at the time it is executed, and used to identify that particular swap transaction throughout its existence.

The proposed rules would ensure the uniqueness of each USI by specifying that the USI must include two components. The first component would be the unique, extensible, alphanumeric code assigned by the Commission to each registered entity required by the proposed regulations to create USIs, at the time of its registration, for the purpose of identifying that entity in the context of USI creation. The second component would be an extensible, alphanumeric code generated and assigned by the automated systems of the registered entity that must be unique with respect to all such codes generated and assigned by the entity.

### **What is a Unique Product Identifier (UPI)?**

The Unique Product Identifier (UPI) called for by the proposed rules would categorize swaps according to the underlying products referenced in them. While the UPI would be assigned to a particular level of the taxonomy of the asset class or sub-asset class in question, its existence would enable the Commission and other regulators to aggregate transactions at various taxonomy levels based on the type of product underlying the swap.

### **Is third-party facilitation of data reporting allowed?**

Registered entities and counterparties required to report required swap creation data or required swap continuation data may contract with third-party service providers to facilitate reporting. However, these entities remain fully responsible for reporting as required by the proposed regulations.

### **What are the required data standards for swap data reporting?**

In reporting swap data to an SDR, each reporting entity or counterparty shall use the facilities, methods, or data standards provided or required by the SDR to which the entity or counterparty reports the data. SDRs may permit reporting entities and counterparties to use various facilities, methods, or data standards, provided that its requirements in this regard enable it to meet the requirements with respect to maintenance and transmission of swap data.

An SDR shall maintain all swap data reported to it in a format acceptable to the Commission, and shall transmit all swap data requested by the Commission to the Commission in an electronic file in a format acceptable to the Commission.