



U.S. COMMODITY FUTURES TRADING COMMISSION

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Division of Clearing and Risk

Ananda Radhakrishnan
Director

CFTC Letter No. 14-17
Other Written Communication
February 18, 2014
Division of Clearing and Risk

Ms. Amanda J. Harkness
Group General Counsel & Company Secretary
ASX Group
Exchange Centre
20 Bridge Street
Sydney NSW 2000
PO Box H224
Australia Square NSW 1215, Australia

Dear Ms. Harkness:

The purpose of this letter is to provide further guidance to ASX Clear (Futures) Pty Limited ("ASXCLF") regarding compliance with the condition to the no-action relief granted by the Division of Clearing and Risk on February 6, 2014, that ASXCLF comply with the reporting obligations applicable to registered derivatives clearing organizations ("DCOs") under the Commission's Part 45 regulations.

In this regard, please note that if an ASXCLF clearing participant clears through ASXCLF a swap (referred to as the "alpha" swap) that has been reported to a Commission-registered swap data repository ("SDR") pursuant to Part 45 of the Commission's regulations¹, then ASXCLF must report to an SDR, pursuant to Part 45, data regarding the two swaps resulting from the novation of the alpha swap that had been submitted to ASXCLF for clearing (referred to as the "beta" and "gamma" swaps).²

¹ See Swap Data Recordkeeping and Reporting Requirements, 77 Fed. Reg. 2136 (Jan. 13, 2012) (adopting Part 45).

² Pursuant to Commission Regulation 39.12(b)(6), during the clearing process, a swap submitted for clearing to a DCO (the alpha swap) is extinguished or terminated, and two new swaps (the beta and gamma swaps) are created. A DCO must then report the beta and gamma swaps to an SDR under Part 45 and associate the unique swap identifier ("USI") of the alpha swap with the beta and gamma swap in order for the Commission to confirm that such alpha swaps were cleared.

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In order to avoid duplicative reporting for such transactions, ASXCLF should have rules that prohibit the Part 45 reporting of the beta and gamma swaps by the original counterparties to the alpha swap. These rules should make it clear to market participants that ASXCLF is reporting the beta and gamma swaps as if it were a registered DCO under the Part 45 rules.

Should you have any questions, please do not hesitate to contact Eric Lashner, Special Counsel, at elashner@cftc.gov, 202-418-5393, or Andrea Musalem, Special Counsel, at amusalem@cftc.gov, 202-418-5167.

Sincerely,

Ananda Radhakrishnan
Director

cc: Andrea Musalem
Eric Lashner

See also Commission Regulation 45.4(a) (“[R]eporting counterparties and [DCOs] required to report swap continuation data must do so in a manner sufficient to ensure that all data in the [SDR] concerning the swap remains current and accurate, and includes all changes to the primary economic terms of the swap occurring during the existence of the swap.”); 77 Fed. Reg. at 2153 (“[T]he final rule requires registered entities and reporting counterparties to report continuation data in a manner sufficient to ensure that the information in the SDR concerning the swap is current and accurate, and includes all changes to any of the primary economic terms of the swap.”).