Agenda

- Data fields
- Incorporation of industry-standard terms
- Timing
- Consolidation of trade data
- Practical methods of real-time reporting
- Confirmation requirement
- SDR functionalities
Data fields – how many is good enough?

- **Comprehensive** data vs. sufficiently **indicative** data

### Price Forming

- All fields required for legal confirmation

### Non Price Forming

**Reportable**

- Not all swaps are created equally:
  - Highly customized and bespoke trades captured by multiple data fields
  - "Plain vanilla" and highly standardized have few of variable data fields

- Note: even though there are few variable fields for "plain vanillas", there are many boiler plate fields that are "assumed" from trade to trade
Incorporation of industry-standard terms

- Generally –
  - "Middleware" adapts and responds to demands of the participants (both dealers and buy-side)
  - "Middleware" does not set the standard

- Standardization has been a multi-year drive to simplify documentation of OTC transactions terms
  - Under DFA - CFTC / SEC / OFR to come up with standard reportable terms

- Automated platforms (e.g., DCMs, DCOs) also adhere and reference standards
  - MarkitSERV also references multiple standards but has the operational and technological flexibility to add other individually-negotiated terms and other standards if required by users

- Driven by continuous consultation with dealer and buy-side community
  - Practical considerations with changing terms and accommodation of multiple users demands (over 1,900 users)
Timing – when does the clock start ticking?

- Potential trigger points for real-time reporting to consider:
  - Execution
  - Matching of terms
  - Confirmation
  - Affirmation

- What is “real-time”? What is "technologically practicable"?

- Determining the moment of "execution"

- Relevant factors
  - Electronic execution vs. non-electronic execution
  - Cleared vs. non-cleared products
  - Standardized vs. non-standardized
  - Market practices for various asset classes
Consolidation of trade data

- Multiple execution, confirmation, clearing venues
  - Possible data fragmentation
- Position limits
  - Methods for monitoring and policing
- Consolidation of data for:
  - Public reporting purposes
  - Regulatory reporting purposes
  - Market supervision
  - Surveillance and enforcement
  - Systemic risk analysis
- Uses of "middleware" to consolidate trade data from multiple venues regardless of method of execution
Practical methods of real-time reporting

- Highly liquid markets with high degree of standardization
  - Clearable and tradeable
- Illiquid markets for bespoke contracts
  - Not clearable and not tradeable
- Standard format for data terms
  - FpML
- Methods of data dissemination
  - Delivering the **right** information to those who **need** it in a **timely** manner
- Commercial considerations for data providers and consolidators
Confirmation requirement

- Natural companion to clearing, trading and above all reporting requirement

- Confirmations appropriate for all venues
  - Bespoke and uncleared trades
  - Trades executed or traded on SEFs
  - Trades executed or traded on DCMs
  - Cleared trades on DCOs

- Benefits of confirming all trades
  - Full legal confirmation
  - Flexibility to incorporate bespoke terms and standards
  - Authoritative transaction: “tie-out”

- Business conduct standards in the DFA 2010
SDR functionality under the DFA

- Report accurate real-time transaction data that is bilaterally agreed / executed
- Adherence to CFTC/SEC – established terms and conditions and standards for data collection and processing
- Maintain transaction data (including the audit trail) for prescribed amount of time with proper infrastructure to ensure confidentiality and robust Disaster Recovery
- Provide electronic access to the Commission by creating a monitoring real-time front-end
- Disseminate data to other regulatory bodies
- Facilitate public reporting
The big picture

"Middleware" acts as a universal adapter

Confirmation, Public reporting, Facilitation of trading and clearing

Regulators

SDRs
DCOs
DCMs
SEFs
Bespoke

All swap trades confirmed
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