
Roadmap to Achieve High Quality Swaps Data

July 10, 2017



CFTC



Commodity Futures Trading Commission

Joint Statement of Acting Chairman Christopher Giancarlo and Commissioner Sharon Y. Bowen

The CFTC is committed to fully implementing the standards for OTC derivatives markets agreed at the 2009 Pittsburgh G-20 summit and codified in the Dodd-Frank Act. This continued effort includes post-trade transparency for regulators into the swaps market. Recently, we directed the Division of Market Oversight (DMO) to take stock of our progress to date and assess required future steps to achieve the goal of high quality swaps data for post-trade transparency. This roadmap is a reflection of DMO's effort. It maps out steps forward to ensure we have complete, accurate, and high-quality data to fulfill our statutory responsibilities. This roadmap also communicates DMO's plan to the marketplace so that it can plan and budget for the upcoming amendments.

We aim to complete this process with full industry implementation by the end of 2019. This timeline allows the Commission to conduct rulemakings in regular order, including consultation with market participants and sufficient time for the public comment process. This timeline also allows us to leverage the international data harmonization processes. Regulators, through CPMI, IOSCO, and the FSB, will be providing guidance on the harmonization of key identifiers and technical specifications for critical data elements. Further, market participants and SDRs involved in swaps reporting must have time to build and test required system changes so this plan provides a reasonable implementation period.

We look forward to working with all stakeholders – including market participants, SDRs, and our fellow regulators – to ensure that we have the optimal data and swap reporting regime to identify and address potential problems in the global systemically important derivatives market. As part of this effort, we have asked DMO to accept comments on this roadmap for the next 40 days.



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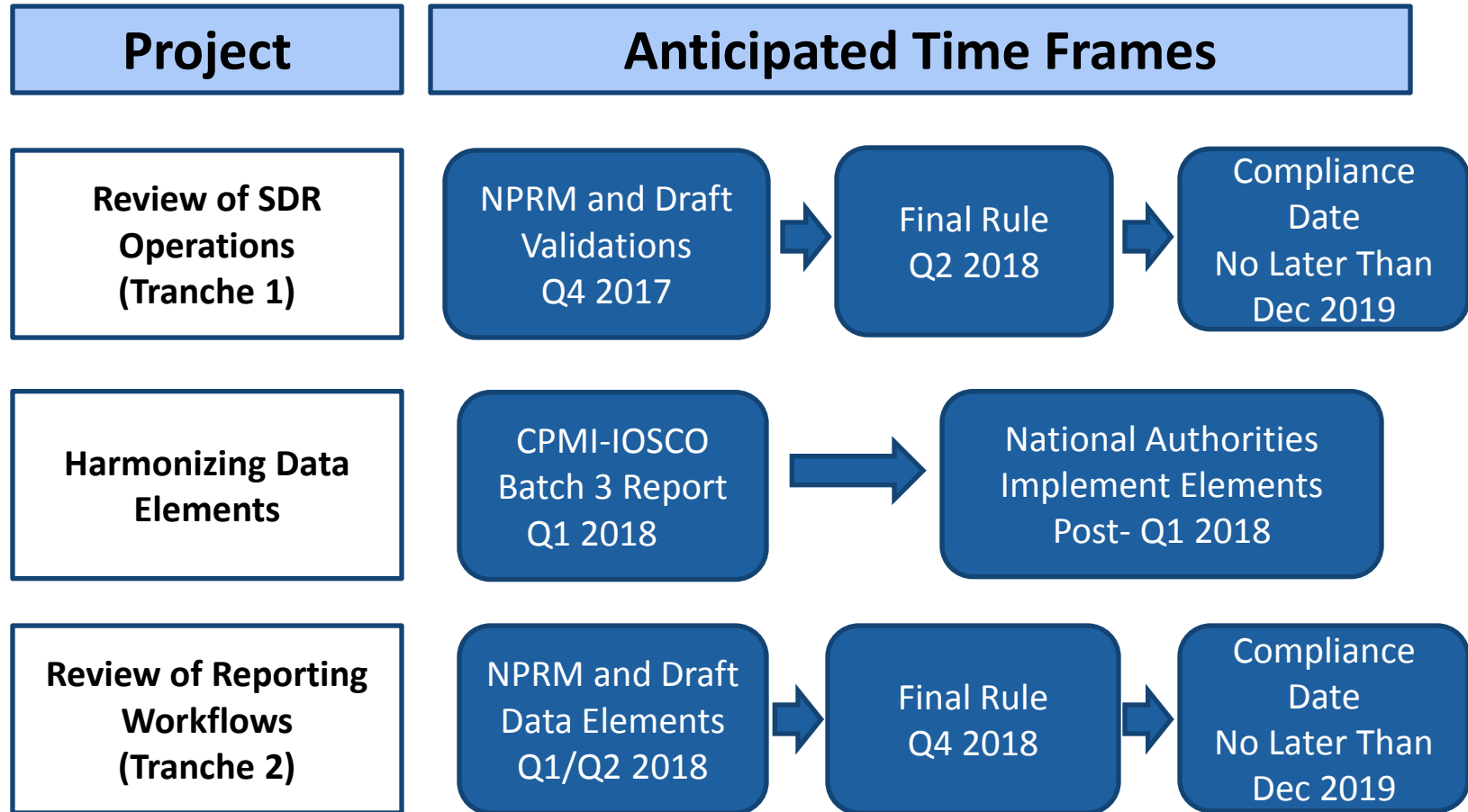
DMO Goals in Review of Reporting Regulations

- To ensure the CFTC receives accurate, complete, and high quality data on swaps transactions for its regulatory oversight role
- To streamline reporting, reduce messages that must be reported, and right-size the number of data elements that are reported to meet the priority use-cases of the agency
- Evaluate Parts 43, 45, and 49 of Commission Regulations to identify provisions that need updating or changing to meet these goals and clarify obligations for reporting counterparties and SDRs



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DMO Roadmap to Complete Review





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Tranche 1: SDR Operations Review SDR Validations

- Leverage existing SDR validation processes to improve consistency and completeness of data reporting
- Work with SDRs to set up processes for rejecting swap data reports with missing or invalid data
- Identify initial set of minimum validations, including blank/not blank validations and some allowable values and format validations where appropriate



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Tranche 1: SDR Operations Review

Ensure Counterparties Confirm Accuracy of SDR Data

- Identify most efficient and effective solution for swap counterparty(ies) to confirm the accuracy and completeness of data held in an SDR
 - Consider which counterparty(ies) must perform reconciliations
 - Consider frequency of reconciliation against the counterparty's internal book
 - Consider whether to require reconciliation of position data or full audit trail of each swap



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Tranche 2: Reporting Workflows Streamline Workflows

- Explore whether to combine PET and Confirmation data into single, clearly defined, and electronically reportable set of data elements
- Work to remove uncertainty as to what must be reported and how
- Eliminate multiple reporting streams and unnecessary messages



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Tranche 2: Reporting Workflows Focus on Key Data Fields

- Work to harmonize data fields with foreign regulators, building on CPMI-IOSCO process and Dec 2015 CFTC RFC
- Look to reduce the number of fields currently reported
- Focus on minimum number of fields that allow CFTC to perform its oversight functions, rather than capturing every data point on a swap
- May expand to cover margin movements and discrete data points relating to risk and positions, with an eye to consistency with how this is reported under ESMA rules
- Recordkeeping requirements would continue for all terms of a swap, even those not required to be reported



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Tranche 2: Reporting Workflows Technical Specification

- Once CPMI-IOSCO harmonization efforts have sufficiently progressed, DMO will propose detailed technical specifications
- Would include definitions, form and manner specifications, mapping to existing data languages (FpML and FIX), and allowable values where appropriate
- Will seek to match foreign regulators as closely as possible, although some elements may be different depending on Commission's needs
- Update specifications for SDR validations to cover full suite of required data elements and include remaining allowable values and format validations



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Tranche 2: Reporting Workflows

Re-evaluate Reporting Deadlines under Part 45

- Explore alignment of CFTC with the SEC and ESMA, including potential move to T+1 reporting
- Explore whether changing deadlines will improve data accuracy by building upon existing market practice of trade confirmations
- Find ways to leverage existing confirmation processes to aid in reporting, where appropriate



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Tranche 2: Reporting Workflows Increase the Utility of the Real-Time Public Tape

- Evaluate real-time reporting regulations in light of goals of liquidity, transparency, and price discovery in the swaps market
- Address ongoing issues of reporting packages, prime brokerage, allocations, risk mitigation services/compressions, EFRPs, and post-priced swaps by clarifying obligations and identifying those distinct types of transactions to increase the utility of the real-time public tape



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Target timeframes for review

DMO hopes to present the Commission with two sets of proposals over the next year:

- Tranche 1: SDR operations– NPRM Q4 2017
- Tranche 2: Reporting workflows – NPRM late Q1 / early Q2 2018
- Consider compliance schedule for implementing both tranches that balances efficiency, timeliness, burden, and improved reporting