

Committee on
Payments and Market
Infrastructures

Board of the International
Organization of Securities
Commissions

Consultative report

Harmonisation of critical
OTC derivatives data
elements (other than
UTI and UPI) – second
batch

October 2016

Response form



BANK FOR INTERNATIONAL SETTLEMENTS



OICU-IOSCO

Executive summary of the consultative report

In 2009, the G20 Leaders agreed that all over-the-counter (OTC) derivatives contracts should be reported to trade repositories (TRs) as part of their commitment to reform OTC derivatives markets in order to improve transparency, mitigate systemic risk and prevent market abuse. Aggregation of the data reported across trade repositories will help authorities get a comprehensive view of the OTC derivatives market and its activity.

The purpose of this consultative report is to help develop guidance to authorities on definitions for the second batch of critical data elements that are important for the globally consistent and meaningful aggregation of data on OTC derivatives transactions, other than the Unique Transaction Identifier (UTI) and the Unique Product Identifier (UPI). As in the case of the first batch, this second batch of these critical data elements was selected from Annex 2 (“Illustrative list of potential data fields for OTC derivatives”) of the January 2012 CPSS-IOSCO *Report on OTC derivatives data reporting and aggregation requirements*.¹ In addition to these selections, related data elements were considered for inclusion, mainly with a view to more accurately capturing the substance of OTC derivatives transactions. A consultation on a third batch of critical data elements (other than the UTI and UPI) is planned to follow in 2017. The final consolidated list of all critical data elements (other than the UTI and UPI), combining the three batches, will be the outcome of a dynamic and iterative process that takes into consideration feedback from commenters.

For each of the critical data elements in the second batch, individual tables specify the “definitions”, containing the definition, naming convention, standard, format, list of allowable values and cross-references for identifying interdependencies between data elements. In the annex to this consultative report each data element is also illustrated with at least one example demonstrating how it supports authorities’ data needs. The guidance aims to provide consistent “definitions” of data elements with the same characteristics, referencing existing industry standards where these exist, and allowing for application independent from the chosen communication protocol. For some data elements of the second batch, more than one harmonisation alternative is proposed and discussed. Comments on the relative merits of each alternative are solicited.

The Committee on Payments and Market Infrastructures (CPMI) and the International Organization of Securities Commissions (IOSCO) request comments on the proposed “definitions” for each critical data element, considering whether it:

- provides sufficient guidance to authorities to support consistent data reporting and meaningful global data aggregation;
- appropriately reflects different market practices existing at a global level; and
- appropriately reflects current industry standards that may already be in use globally.

Comments are solicited by 30 November 2016 and should be sent to the secretariats of both the CPMI (cpmi@bis.org) and IOSCO (cde@iosco.org) using this form. The submitted form with the comments will be published on the websites of the BIS and IOSCO unless respondents specifically request otherwise by ticking the dedicated checkbox on page 3 of this form.

Comments and suggestions are welcome on any aspect of the full set of harmonisation proposals in Section 2 of the report. Please use the dedicated space in this form. Please be as specific as possible in your response. Moreover, for some of the subsections, the CPMI and IOSCO invite comments on specific questions.

In making comments and providing responses to the questions, it would be helpful if respondents could consider the following:

¹ This report is also referred to as the Data Report.

- Whether the presented proposals are appropriate for consistent data collection with a view to meaningful global aggregation.
- Whether the consultative guidance is unambiguous.
- Whether the proposed definitions, formats and granularity level in allowable values appropriately capture different market practices at a global level, or are consistent with standards that may already be in use globally. If not, please specify which definition, format or list of allowable values requires modification, the reasons why, and your suggested alternative.
- Whether the details and the specifications in the consultative report are sufficiently clear and what other details and specifications would, in your opinion, add value.
- Whether examples might be needed to further clarify the usability of the guidance in practice.
- Alternative proposals, other than the ones presented in this report, that would, in your view, be preferable to achieve the stated goals of this report. Please, describe them.

Harmonisation of critical OTC derivatives data elements (other than UTI and UPI) – second batch – consultative report

Respondent name:

Contact person:

Contact details:

Please flag if you do not wish your comments to be published. Otherwise, this form filled out with your comments will be published on the websites of the BIS and IOSCO.

General comments on the report:

2.1 Reporting timestamp

Comments on the data element "reporting timestamp":

2.2 Execution timestamp

Comments on the data element "execution timestamp":

2.3 Final settlement date

Q1: With reference to the definition proposed for the data element "final settlement date" (Section 2.3), is it sufficiently clear that the settlement date for options and swaptions is the date on which the option or swaption would settle if it was exercised on the expiry date? If not, should additional language be added to the definition to clarify that?

Other comments on the data element "final settlement date":

2.4 Settlement currency

Q2: With reference to the definition proposed for the data element "settlement currency" (Section 2.4), is it sufficiently clear that the settlement currency of swaptions is the currency of the underlying swap? If not, should additional language be added to the definition to clarify that?

Other comments on the data element "settlement currency":

2.5 Confirmed

Comments on the data element "confirmed":

2.6 Day count convention

Comments on the data element "day count convention":

2.7–2.8 Payment frequency period; payment frequency period multiplier

Q3: With reference to alternatives proposed for the data element "payment frequency period" (Section 2.7):

- (a) Are the advantages and disadvantages of the proposed harmonisation alternatives included in the report appropriately defined? If not, which aspects should be revised and how?

- (b) Which of the proposed harmonisation alternatives should be supported and why? Is alternative 2 sufficiently broad to capture all the allowable values that are relevant for an OTC derivatives transaction? If not, which allowable values are missing? Should the list of allowable values under alternative 2 also include the value "intraday"? Please provide examples in which the additional allowable values that you propose would be relevant for an OTC derivatives transaction. Is it preferable to expand the list in alternative 2 with the missing allowable values or to opt directly for the most extensive list of allowable values available in alternative 1?

Other comments on the data elements “payment frequency period” and “payment frequency period multiplier” (Sections 2.7–2.8):

2.9–2.12 Counterparty 1 (reporting counterparty); counterparty 1 type; counterparty 2; counterparty 2 type

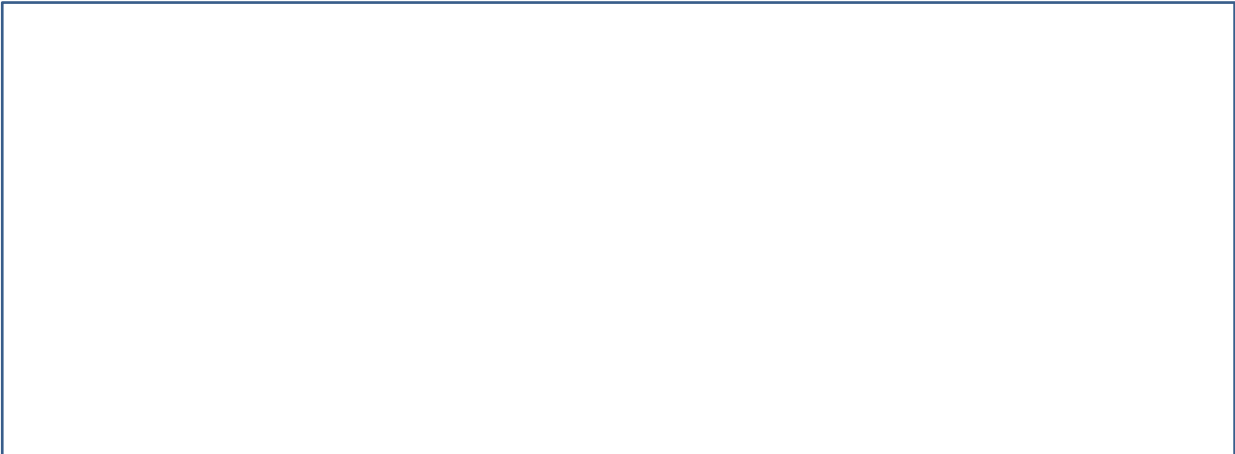
Q4: In the consultative report on the first batch of data elements (other than the UTI and UPI), the Harmonisation Group proposed the harmonisation of the “identifier of the primary obligor”. Based on the feedback received during the public consultation, the Harmonisation Group is considering referring to the same concept with the term “beneficiary”. With reference to data elements “counterparty 1 (reporting counterparty)”, “counterparty 1 type”, “counterparty 2” and “counterparty 2 type” (Sections 2.9–2.12):

- (a) Is it clear that in some jurisdictions the counterparty and beneficiary are always the same entity while in other jurisdictions they may or may not coincide?

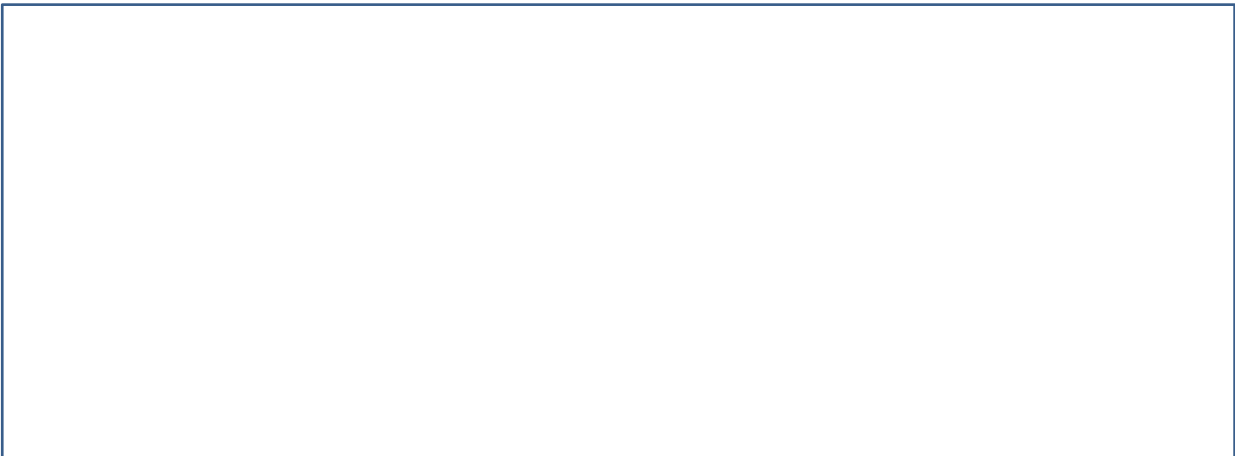
For example, in the US the counterparty would always coincide with the beneficiary; in the EU this is not always the case as eg in a transaction concluded at the level of the umbrella fund, that fund would be identified as the counterparty, and the sub fund as the beneficiary.

Is it necessary to further clarify the term “counterparty” or is it clear enough?

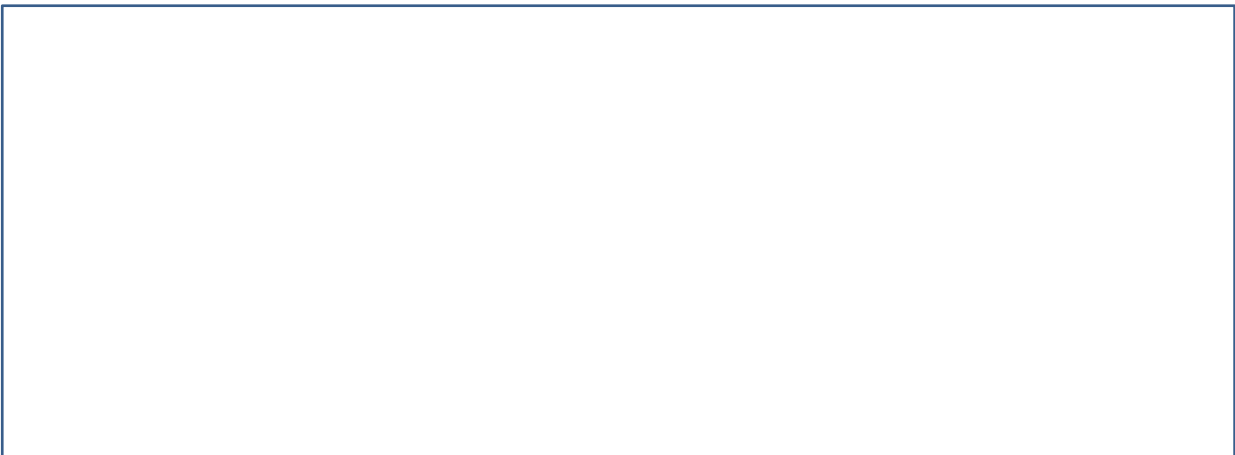
- (b) Are there cases in which a transaction involves multiple counterparties that are jointly liable for the whole amount of the transaction? If so, how do you believe that multiple counterparties should be represented?



- (c) In addition to reporting counterparty 2 type, what approach should be taken for natural persons not acting in a business capacity as counterparty 2?



Other comments on the data elements "counterparty 1 (reporting counterparty)", "counterparty 1 type", "counterparty 2" and "counterparty 2 type" (Sections 2.9–2.12):



2.13 Report-submitting entity

Comments on the data element "report-submitting entity":

2.14 Broker of counterparty 1

Comments on the data element "broker of counterparty 1":

2.15 Central counterparty

Comments on the data element "central counterparty":

2.16 Clearing member

Comments on the data element "clearing member":

2.17 Platform identifier

Comments on the data element "platform identifier":

2.18 Inter-affiliate

Q5: Should the definition of the data element "inter-affiliate" (Section 2.18) take into account the possibility that there is no local definition of affiliated entities under the local regulation of counterparty 1 (reporting counterparty), or is this redundant?

Other comments on the data element "inter-affiliate":

2.19 Booking location of counterparty 1

Q6: With reference to the data element "booking location of counterparty 1" (Section 2.19), is it clear that the location where the transaction is booked for counterparty 1 refers to the location where profit and losses are allocated (be it the location of the headquarters, domestic branch or international branch)?

Other comments on the data element "booking location of counterparty 1":

2.20 Location of counterparty 1's trading desk

Q7: With reference to data element "location of counterparty 1's trading desk" (Section 2.20), is it sufficiently clear who is being referred to as the trader "responsible for executing the transaction"?

Other comments on the data element "location of counterparty 1's trading desk":

2.21–2.22 Strike price; strike price notation

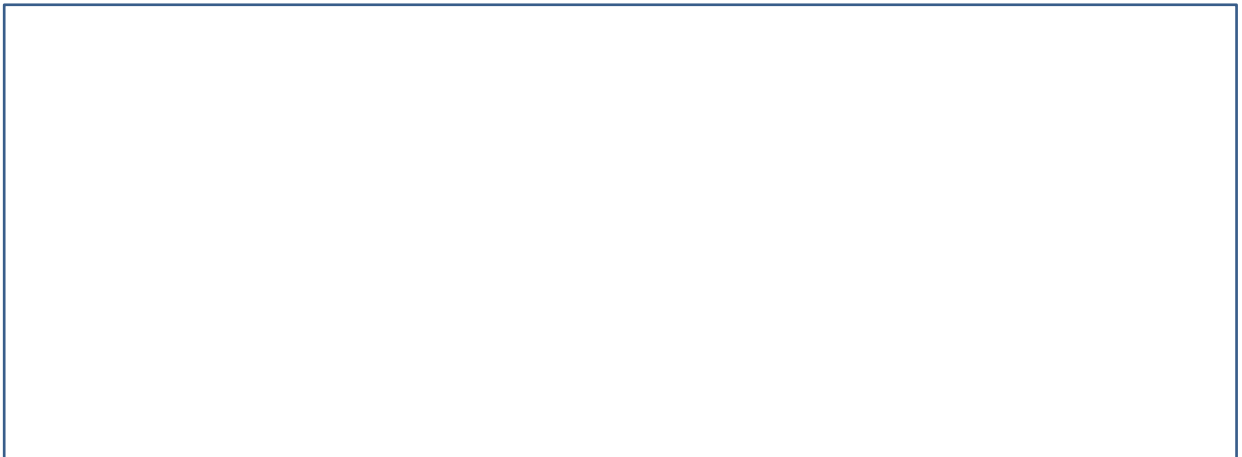
Q8: With reference to data elements "strike price" and "strike price notation" (Sections 2.21 and 2.22) is the proposed format length for "strike price" (Num(18,13)) sufficiently big for strike prices denominated in any currency? If not, what would be an appropriate format length, both for characters before the decimal point and characters after the decimal point?

Other comments on the data elements "strike price" and "strike price notation":



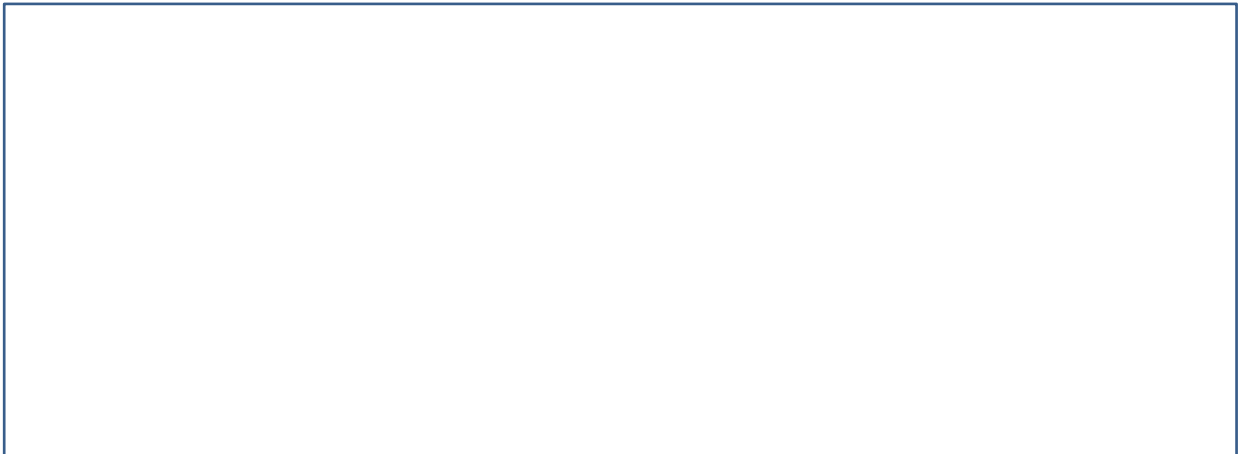
2.23 Option lockout period

Comments on the data element "option lockout period":



2.24–2.25 Option premium; option premium currency

Q9: With reference to data elements "option premium" and "option premium currency" (Sections 2.24 and 2.25), should an option premium payment date be added, to take into account that the option premium may sometimes be paid at the end of the transaction?



Other comments on the data elements "option premium" and "option premium currency":



2.26–2.27 CDS index attachment point; CDS index detachment point

Comments on the data elements "CDS index attachment point" and "CDS index detachment point":



Other comments: