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May 10, 2013

Committee on Payment and Settlement Systems
cpss@bis.org

Board of the International Organization of Securities Commissions
accessdata@iosco.org

Re: Authorities' Access to Trade Repository Data – Consultative Report (the "Report")

Dear Sir or Madam,

On behalf of The Depository Trust & Clearing Corporation ("DTCC"), we appreciate the opportunity to comment on the Report issued by the Committee on Payment and Settlement Systems and the Board of the International Organization of Securities Commissions.

DTCC operates trade repositories around the world through various subsidiaries of DTCC Deriv/SERV LLC. DTCC operates a registered Swap Data Repository under the Dodd Frank Act in the United States for all OTC derivatives through a United States company, DTCC Data Repository (U.S.) LLC. On April 1, 2013, DTCC began operating a Japanese trade repository to provide trade repository services to entities with mandatory reporting obligations in Japan through a Japanese company, DTCC Data Repository (Japan) KK. DTCC also operates a trade repository in the United Kingdom, DTCC Derivatives Repository Ltd ("DDRL") which offers voluntary reporting to firms globally. DDRL is currently regulated by the UK FCA as a service company and submitted its application in March for registration with ESMA as a European Trade Repository. DTCC plans to seek licensing for our subsidiary, DTCC Data Repository (Singapore) Pte Ltd as a trade repository in Singapore within the next few months.

We look forward to the opportunity to discuss our responses with CPSS-IOSCO if it so desires.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Stewart Macbeth", is written over a horizontal line.

Stewart Macbeth
President & CEO
DTCC Deriv/SERV LLC

General Comments:

We support CPSS IOSCO efforts in providing the next generation of data access guidelines following the earlier ODRF guidance provided in June 2010. We encourage authorities to ensure that any legal barriers, such as privacy laws, blocking statutes or confidentiality provisions, are addressed in each jurisdiction that will allow for legal certainty in providing such data access.

We also support the proposed functional approach rather than institutional approach as it provides a more comprehensive description of the required authorities without restriction to an institutional structure that may vary from jurisdiction to jurisdiction. Such an approach can alleviate some of the concerns that have faced TRs due to the diversity of functions mandated at different institutions such as central banks that have not only monetary policy mandates but also function as prudential or market supervisors.

Based upon our experience, DTCC would like to caution CPSS-IOSCO that there is a real concern that given a large enough set of data, even if anonymised, that the recipient may be able to discern, via a reverse engineering process, counterparty identities in certain circumstances based upon typical trading patterns or because of lack of depth in certain markets could signal one particular entity performing such transactions. Also, while a unique anonymised counterparty code on its surface would seem to provide sufficient masking, there may be attributes unique to the particular financial entity that could disclose their identity – such as a large number of individual client accounts associated to an asset manager. Finally, there may be trade or position attributes itself that can enable a regulator to infer the counterparty name such as volume in certain markets, timing and place of execution, portfolio patterns, etc. This “fingerprinting” can lead to disclosure of identities to a regulator and potentially lead the regulator to see the information for purposes that are beyond the mandate under which the data was accessed. In addition, by combining or comparing fully disclosed data sets with anonymised data sets the comparison can provide a key to identify a larger part of the anonymised data set, including data that wouldn’t be intended for full disclosure. Such a disclosure would defeat the purpose of functionally driven access guidelines.

Also in DTCC’s view, a trade repository should conduct its own due diligence of the data request to ensure that the requested information is not disproportionate to the authorities’ mandate. The intention not being to deny or delay access, but to operate some level of reasonableness test as part of the TR’s control framework, including some level of verification of the identity of the requesting party and individual from a data security perspective. CPSS IOSCO efforts to progress the international approach to extra-territorial regulation will also ensure such checks become straightforward as they will be standardised.

As a final general comment, DTCC believe authorities should shift to demand information and analysis from TRs and not simply data access. This should have the benefit of more value being provided to the regulators directly, increase the overall security of the data through fewer data points being transferred, and lower costs of the system, given that current TRs operators are generally looking to cover multiple jurisdictions.

Specific Comments:

A. Is the list of functional mandates comprehensive? Are there other functional mandates carried out by authorities that are not currently listed?

We do not see any specific gaps in functional mandates however we defer to impacted regulatory authorities to determine if the list is comprehensive for all functions.

B. Are the descriptions of the functional mandates listed in the report clear and comprehensive to facilitate a mapping between these mandates and a particular authority? If not, how can the description be improved to ensure it is clear and comprehensive? Do the descriptions provide for sufficient flexibility to account for the potential of changing data needs of authorities over time (e.g. as the regulatory regimes for mandatory clearing of OTC derivatives mature, the information needs of regulators may also change)?

In general, the description of the functional mandates provide sufficient flexibility to enable a TR to adapt to authorities' changing data needs. However, we do have some specific issues regarding depth and breadth of particular mandates:

- Counterparty Classification
 - In Section 3.2.1.2, breadth contemplates a trade repository categorizing data by banking sector and counterparty characteristics. While we do agree that such classifications would be beneficial to support aggregate and anonymous reporting, there is currently no such common global classification system.
 - We would encourage further global standardization of such identifying characteristics by an international group. This could be an area in which CPSS-IOSCO plays a role in its capacity in setting standards.
- Unique Counterparty and Named Data
 - In section 3.2.1.4, in analyzing interconnectedness a regulator may request transaction level data by unique counterparty to conduct network analysis. There are several challenges with such an approach. Unique anonymised identifiers are not sufficient safeguard against derivation of a counterparty's identity as discussed in our general comments above. For example, the authority could be in possession of additional information which combined with the data set or, even just within the data set itself, would enable it to decode trading relationships beyond the scope of its mandate. Additionally, such broad access can have far reaching implications where an authority can have access to disproportionately large amounts of data relative to the entities or markets it supervises. DTCC would recommend that such function is provided through a global trade repository as it is better positioned to perform such interconnectedness analysis and provide results where there is a concentration of risks amongst a network set of participants. See our further comments to question G regarding the aggregator function.

- In section 3.2.1.6, we disagree that named transaction level data is necessary to achieve this objective. Based on experience, we believe a trade repository can provide the analysis sought at an aggregate level utilizing position and transaction data.
- Payment Information
 - In section 3.2.5.2, trade repositories will not necessarily have all the data elements related to payment obligations, such as settlement currency under master agreement netting provisions or credit event settlements resulting from bankruptcy or restructuring.
- Research mandate
 - The research mandate described in section 3.2.8 is does not appear on the mapping table.
 - DTCC questions whether an authority should be granted access in excess of their functional mandate for research purposes. To allow for access more expansive than mandated would defeat the purpose of the access guidance.
 - With respect to research outside of the scope of a functional mandate, we believe that access to data should be restricted in two key ways. First, data for research by an authority should not be provided at a level that is greater than is publicly available. To provide otherwise would in essence create a broad reaching mandate not supported by law. Second, we believe that any such information provided should be historical in nature to prevent unintended public disclosure that would be harmful to the market.

C. Does the mapping table, on its own, provide enough guidance to both authorities and TRs on the level of data access that an authority may typically require in support of its mandates? If not, what changes should be made?

Not completely. We understand that the mapping table is intended to provide the most granular data access that an authority exercising the functional mandate could receive. However, we believe that is important to provide the appropriate level of data access commensurate with the regulatory objective. For example, a regulator examining market size would only need aggregate and anonymised position level data to perform the analysis as described in Section 3.2.1 of the document. The table alone would indicate that named transaction level data can be provided. DTCC would recommend that the mapping table should provide the multiple layers of depth, breadth and identity corresponding to the particular analysis.

D. Is the guidance to address non-typical requests sufficient to allow TRs to make a determination on these types of requests? If not, how could the guidance be improved? Would the types of information listed in the illustrative template facilitate a TR's decision making process when considering an authority's request for data? What additional information, if any, would be required?

DTCC agrees that a trade repository should have policies and escalation procedures to handle atypical data requests. In addition to the proposed escalation to the TR supervisor, other alternatives can also be considered, such as obtaining consent from impacted participants or providing aggregate and anonymised data. DTCC believes that TRs should be given some discretion in this regard within a framework that is agreed to by the authorities, with the result being the key success measure rather than the exact method. DTCC has found that atypical requests can be addressed with supervisors in general terms rather than specific terms, and that atypical requests may be able to be met with consent without supervisory involvement. To some extent the requestor may also have a preference for how a request is escalated, depending on its nature. DTCC agrees that supervisor involvement should be one option available to the TR, and is particularly important in situations where the TR may otherwise refuse a request.

DTCC believes the illustrative template provides sufficient information to enable a trade repository to respond to a data request.

Question to the TRs: do you have examples of instances in which you did decline access in response to a non-typical request? If so, why?

Due to the confidentiality of such requests, DTCC cannot disclose examples of any specific requests. DTCC has operated under ODRF guidance and data access policies which provide for aggregate, anonymous reporting in certain instances or user consent to disclose. DTCC has been able to meet the vast majority of requests under this guidance, and in other cases has worked closely with the requestor in agreeing necessary modifications to the request to enable the authorities' objectives to be met.

- E. What are the specific issues or challenges in creating anonymised data? How does the TR ensure that the identity of the counterparties cannot be inferred from the data provided, while making a sufficient level of data available to the requesting authority in support of its mandate(s)? Does it seem feasible to ensure the anonymity of data transmitted without unduly restricting data access?**

In DTCC's experience, care needs to be taken when anonymising data as there can be unintentional disclosure. For example, if a unique code is assigned to each counterparty, such as Dealer 1, Dealer 2, etc., the dealer name could potentially be derived by observing certain trade attributes such as reference entity underlie – e.g. the absence of CDS transaction bought or sold against the dealer's name would indicate that to be Dealer 1's portfolio. Another example would be unique trading strategies or account profiles, that in and of itself could enable an authority to discern the entity identity. And finally, in the absence of strict standardized representations of each term utilized in reporting, a trade specific firm terminology could identify a counterparty to a transaction.

Given the above concerns, there is a balance to be struck between ensuring anonymity and data access. In protecting against inferred data disclosure, DTCC would suggest that providing a unique anonymised counterparty identifier is a last resort where other reporting alternatives are available such as general classifications for certain market segments, if available, or aggregate position level data. In general authorities should encourage that TRs provide consumable information and not data transfer. TRs should perform standard data analysis directly in their systems and should be able to present analysis output in useable form for regulators. Large scale data extracts from TRs should be avoided whenever possible. Where no other reporting alternatives are feasible, the TR should be allowed to discuss with the requesting party the appropriateness of certain volume or position thresholds to help ensure sufficient anonymity while enabling data access desired.

F. Are the approaches and safeguards presented to address legal and confidentiality constraints sufficient? What other approaches or safeguards would be effective? Are there any other constraints or obstacles that need to be addressed?

The general approaches and safeguards addressed in the proposed Data Access Guidelines with regard to legal and confidentiality constraints appear sufficient provided that a consistent global standard is applied; otherwise there can never really be an approach to sharing of global data whether operated by a trade repository or a public utility global data aggregator.

G. What are the specific issues and challenges in further investigating the possibility for the public sector to identify a centralized or other mechanism to collect and share global aggregated data, as a complement to the direct access by the different authorities to TR held data? Would either a “logical” centralization of federated TRs applying common technical reporting standards or a central public entity be possible options to collect and share global aggregated data?

DTCC favors and strongly supports a centralized global data aggregator model as opposed to a federated model. A federated model will create challenges with duplicate data reporting and require unnecessary reconciliation burdens. Also a federated model will impede authorities’ ability to get timely access to data particularly during market stress due to the latency to collect and aggregate the data from each of the federated entities.

DTCC believes the challenges a public sector global aggregator will face are many and cannot be underestimated. There is a widely held misconception that standardization alone can lead to proper aggregation. In DTCC’s experience aggregating data requires extensive infrastructure and staff with product and data management expertise which is best left to the private sector with oversight from the public sector as described below. Proper aggregation requires reconciliation which in principle can occur seamlessly within one TR, but becomes a daunting task when data originates from different TR’s. This activity requires extensive infrastructure and staff with product and data management expertise. Therefore, we believe that a public sector

entity is not best placed to serve this function given the costs and complexities involved in developing and operating such an infrastructure.

Creating a global infrastructure to support a centralized solution is potentially financially prohibitive for a public sector entity. DTCC can say from experience the cost of constructing an infrastructure to collect, process, disseminate and analyze such vast quantities of data are in excess of \$100 million dollars. Such cost is the startup cost, not the run cost which will run into the tens of millions of dollars due to the cost of technology and staff required to provide such services. Further, DTCC believes the market will converge over a few trade repositories over time and the costs will have already been borne by existing TR providers. To introduce additional costs by a public sector entity that the market must absorb is inefficient.

With respect to complexity, it must be noted that a global data set will be comprised of hundreds of millions of records. The private sector has experience in handling such large volumes of data and can provide the most cost effective and efficient solution. This has already been witnessed in the US, where the CFTC has publicly stated the enormous challenge with consuming 'big data'. This challenge exists within a single jurisdiction without the challenge of aggregating across multiple jurisdictions which will further exacerbate the big data challenge. DTCC believes that global data aggregation is essential but does not believe that it is necessary to replicate infrastructures that exist in the private sector already. The objectives of a public utility can be achieved through an appropriate governance and oversight structure in the private sector. For example, a multi-national college of regulators who oversee a private sector organization, such as CLS Bank for currency settlements, can ensure that adherence to data access principles and functioning of the service is in furtherance of the global public policy.

H. How do you assess the progress made so far in terms of technical standardization of data reported to TRs and implementation of tools and methods to facilitate the aggregation of data stored in TRs? Do you see the need for additional initiatives and in which specific areas?

While we have seen some progress in terms of standardization such as legal entity identifier, product identifiers and unique transaction identifiers, more work remains to be done for other trade attributes to standardize the values reported or market convention.

DTCC believes that a trade repository should provide the tools to facilitate the aggregation of data as it is best placed to absorb the financial implication of developing such tools given the infrastructure required to collect such quantity of data.