

8 May 2013

Comments of the National Bank of Poland on the CPSS-IOSCO consultative report

Authorities' Access to Trade Repository Data

1. NBP appreciates and supports the CPSS-IOSCO work to provide guidance to Trade Repositories (TR) and authorities on access to OTC derivatives transactions data held in TRs, as well as possible approaches to addressing confidentiality concerns and access constraints. We welcome the functional approach that describes typical access needs with reference to the mandate(s) that authorities are responsible for carrying out.
2. NBP would like to suggest a few comments to be taken into consideration along with other remarks in this consultation process.

- As the report rightly points out (p. 11), the build-up of large activity (in terms of volumes) or large positions (in terms of amounts outstanding) may at times increase systemic risk. Yet according to the report “aggregate-level data” and “position-level data” on gross notional amount outstanding only are sufficient for examining size and concentration. In our opinion a comprehensive assessment of systemic risk requires the analysis of market participants’ activity in terms of volumes (values of trades) as well, both on an individual-, and aggregate-level.

Therefore we suggest an amendment to the report. In our opinion the definition of “aggregate-level” data and “position-level” data should be modified to include volumes of trades. This way authorities would be able to acquire data on turnover in derivative contracts over a given period of time for the counterparties within their respective jurisdictions or for the currency of issue, which is crucial for central banks for carrying out their mandates (i.a. oversight over payment system).

- In some jurisdictions (e.g. EU) the obligation to report derivative transactions to TRs is not limited to the OTC market. Furthermore the G20 commitment resulted in new regulatory framework that aims at i.a. moving OTC trading to organised trading venues. Hence it is reasonable to expect that over time more and more trading in derivatives will be conducted in organised markets, including regulated markets. From authorities’ perspective it would be both useful and convenient, if the same procedures regarding their access to OTC derivatives transaction data could also be applied to information on derivatives traded in organised markets.

Being aware that the CPSS-IOSCO mandate is confined to the OTC market, the NBP reckons that it may be worthwhile to mention in the report that in jurisdictions with a reporting obligation covering derivatives traded in regulated markets the recommendations presented therein could be applied to all transactions in derivatives, regardless of the venue. This way authorities aiming to ensure a fully comprehensive risk assessment could refer to the report also when acquiring data on exchange-traded derivatives.