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

Respondent name: CETIP

Contact person:

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General comments on the report:

2.1 Reporting timestamp

Comments on the data element "reporting timestamp":

The time and date when the transaction was submitted to the TR.
Data Format: Numerical / Date and Hour / (DD/MM/RR HH24:MI:SSXFF)

2.2 Execution timestamp

Comments on the data element “execution timestamp”:

The time and date when a contract was cleared.
Data Format: Numerical / Date and Hour / (DD/MM/RR HH24:MI:SSXFF)

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?

Maturity, termination or end date of the contract
Data Format: Numerical / Date (yyyymmdd) / Must be higher than the effective date

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?

The currency used to compute the premium. It will always be "Reais".
Data Format: Alphanumerical

Other comments on the data element "settlement currency":

2.5 Confirmed

Comments on the data element "confirmed":

An indicator of whether a contract has been confirmed.
Data Format: Alphanumerical

2.6 Day count convention

Comments on the data element "day count convention":

The day count convention is calculated as the number of market days in the accrual period. The accrual factor is calculated as the number of accrued (market) days divided by 252.
Data Format: Numerical

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?

The advantages and disadvantages of the proposed harmonisation alternatives included in the report are appropriately defined and with a list of the alternative 2 the participants can make several combinations of periods.

(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?

We understand that the alternative 2 is more in compliance with the OTC derivatives transactions.

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?

In our Jurisdiction, we have situations that the counterparty isn't the final benefical owner.
We recommend that the term "counterparty" will be clarify.

(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?

In our jurisdiction there aren't cases in which a transaction involves multiple counterparties.

(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?

In case of a derivatives transaction executed by a bank on behalf of a client (FBO), this data should be used to report this information.

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":

Indicator of the Participant that has responsability for the report submitting.
Data Format: Participant Account and Corporate Taxpayer Registration (CNPJ) or Social Security numbers (CPF)
Final.

2.14 Broker of counterparty 1

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

In our model this information is not required

2.15 Central counterparty

Comments on the data element "central counterparty":

In our model 100% are OTC Derivatives and 0% CCP.

2.16 Clearing member

Comments on the data element “clearing member”:

In our model 100% are OTC Derivatives and 0% CCP.

2.17 Platform identifier

Comments on the data element “platform identifier”:

In Cetip, the derivatives are registered in the platform NoMe - New Market.

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?

An indicator of whether the transaction was executed between two affiliated entities.

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)?

We agree that 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.

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”?

We agree that the data element “Location of Counterparty 1’s trader desk” is it clear that the location of the trader employed or engaged by counterparty 1 who is 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?

We understand that this fomat length proposed is sufficiently big for this kind of data.

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”:

In our jurisdiction there aren't cases with 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?

The Fixed premium paid by the buyer to the seller. The currency used to compute the premium. In our jurisdiction it will always be "Reais".

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”:

In our jurisdiction there aren't cases with this kind of informations.

Other comments: