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

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General comments on the report:

We welcome the opportunity to provide comments. We want to point out that as a final receiver of the data and not involved in the BAU flows prior to the moment that the trade information reached the Trade Repository, we do not have comments over a number of questions posed in this consultation.

2.1 Reporting timestamp

Comments on the data element "reporting timestamp":

Fine.

2.2 Execution timestamp

Comments on the data element "execution timestamp":

Fine.

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?

We suggest that in the allowable values the following sentence should be added: "When the settlement is done on the expiry, both references shall coincide".

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?

It is not sufficiently clear how to treat multi-currency products such as FX swaps.
It is not clear to us why only the renminbi is mentioned as offshore , does the definition excludes other offshore currencies?

Other comments on the data element "settlement currency":

2.5 Confirmed

Comments on the data element "confirmed":

We would rather expect UCNF instead of YCNF as four-letter code for "unconfirmed"
In order to be in line with the new RTS of EMIR we propose the following definition:
- YCNF = non-electonic
- ECNF = electornic
- UCNF = unconfirmed

Given that in the field 33 of the new RTS the possible values for the field "confirmetion means" are:
- Y = non-electonic
- E = electornic
- U = unconfirmed

2.6 Day count convention

Comments on the data element "day count convention":

REGIS-TR has more suggested values than the ones mentioned on the document, what if counterparties agreed in a day count convention different than the ones listed in the allowable values. If the value NARR covers all thew possibilities, then the issue is solved.

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?

Alternative 1 would be a good option for aggregation purposes, because the data will be homogeneous, the use of alternative 2 would affect the data quality of the aggregations.

(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?

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

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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?

Further clarification of the term counterparty would be helpful.

(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?

The umbrella funds execute trades where the beneficiary of the execution is under the umbrella of the whole amount of the transaction, we consider that this can be represented by defining the field beneficiary as a repeteable occurence in the reports.

(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?

If the natural person will not be identifiable, then a dummy value can indicate that the counterparty is not a legal entity defined by LEI ROC.

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":

Fine.

2.14 Broker of counterparty 1

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

Fine.

2.15 Central counterparty

Comments on the data element "central counterparty":

Fine.

2.16 Clearing member

Comments on the data element "clearing member":

Fine.

2.17 Platform identifier

Comments on the data element "platform identifier":

Fine.

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?

The proposed size is sufficient, however, it remains unclear how the strike price currency is defined as the new RTS define 20 numerical digits including decimals and therefore the proposal is not restrictive.

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”:

Fine.

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?

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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":

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Other comments:

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