



Japan Securities Dealers Association

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September 22, 2011

CPSS Secretariat,
Bank for International Settlements
4002 Basel, Switzerland

IOSCO Secretariat,
International Organization of Securities Commissions
C/ Oquendo 12
28006 Madrid
Spain

Dear CPSS and IOSCO Secretariats,

Re: Comments on Consultative Report on OTC Derivatives Data Reporting and Aggregation Requirements

The Japan Securities Dealers Association (JSDA) welcomes the opportunity to comment on the consultation report, "OTC Derivatives Data Reporting and Aggregation Requirements" (the report).

The recent financial crisis reminded us of the importance of and need for higher transparency and more precise measures to assess risk exposures and mitigate systemic risk in OTC derivatives markets. The JSDA highly appreciates, as a crucial response to this lesson, the intensive work conducted by the CPSS and IOSCO to develop the data reporting and aggregation standards for OTC derivatives on a global basis.

We fully support the idea raised in the report that envisioned reporting requirements and reported data accessed by relevant parties should be deliberately designed for fulfilling the regulatory objectives through provision of information necessary for authorities and avoiding adverse effects including drain of market liquidity. We think it should also be taken into account in elaborating the reporting and data access methods to avoid undue reporting and operational burdens on the market participants, which would also result in shrinkage of the market. A phase-in approach as well as a certain grace period for preparation should also be considered to secure the time for having in place necessary systems for data reporting. Currently the BIS and ISDA are compiling and issuing OTC derivatives statistics. We would suggest exchanging views and information with these organizations and making full use of their experience to set up the most efficient data compilation and utilization methods for the future system.

Regarding public disclosure of reported data, its content and format including classification of products and traders should be carefully designed so that the market liquidity and confidentiality of each transaction would be adequately protected.

In a number of sections, the report recommends the use of Legal Entity Identifiers (LEI) as an essential tool to assess and aggregate OTC derivatives data. Starting the LEI system with OTC

derivatives would be appropriate and consistent to the regulatory objective of assessing the systemic risk. While the ultimate goal of the LEI would be a universal and single system with global consistency, it should be implemented under a phase-in approach considering that its introduction may have significant implications on transaction systems and the regulatory framework in each jurisdiction.

The report also mentions possible additional information as reference data for the LEI. We would suggest that extension of reference data such as information about individual traders or trading desks should be carefully deliberated in order not to impair the effectiveness of the LEI. Confidentiality of extensive reference data should also be taken into consideration in this deliberation.

We hope that our comments mentioned above will contribute to creating the future OTC derivatives data reporting and aggregation system.

Best regards,

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Susumu Kohsaka
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