



DERIVATIVES IN BRIEF*
UPDATED AS OF FRIDAY, JUNE 6, 2014

INDUSTRY NEWS

- **Levin Plans High-Speed Trader Hearing: June 5, 2014**
The Senate Permanent Subcommittee on Investigations will hold a hearing later this month on high-frequency trading. Subcommittee Chairman Carl Levin has asked for information from the SEC and CFTC. The hearing is expected to be held on June 17, 2014. [Read more.](#)
- **Senate confirms Massad as CFTC Chairman, Two Other Nominees: June 3, 2014**
The U.S. Senate on Tuesday confirmed Timothy Massad as the new chairman of the CFTC and approved two others as commissioners, filling a leadership gap at the nation's derivatives regulator. The Senate confirmed Massad and industry veteran Chris Giancarlo by voice vote. Earlier on Tuesday, it voted 48-46 to approve New York lawyer Sharon Bowen. [Read more.](#)
- **High-Frequency Perks Said Focus of CFTC Review Cited by Virtu: May 30, 2014**
The CFTC is seeking detailed information on the incentives that U.S. derivatives exchanges such as CME Group Inc. and IntercontinentalExchange Group Inc. offer to spur trading, according to a person familiar with the matter. The CFTC wants to know who gets trading fee discounts, how much money they save, and whether programs to reward early adopters of new futures contracts ever end, according to the person, who asked to not be named because the review is private. Attracting firms to a new product such as a financial or agricultural future is profitable for exchanges since once established, they often don't gain momentum on other venues. [Read more.](#)
- **Danger Ahead: Cross-Border Swaps Rules Further Fracture Market: May 29, 2014**
Even as the CFTC moves to finalize rules governing foreign-based swap clearinghouses and swap execution facilities, the harmonization of global swaps regulations remains a challenge, threatening to further fragment the trading process. [Read more.](#)
- **BlackRock's Fink jolts ETF business with 'blow up' warning: May 28, 2014**
BlackRock Inc Chief Executive Larry Fink this week dropped a bomb on a small corner of the \$2.5 trillion global market for exchange-traded funds. Fink, who runs the world's largest asset manager and ETF provider, said structural problems with leveraged ETFs have the potential to "blow up the whole industry one day." Sponsors of leveraged ETFs and related products, which make up only about \$60 billion of global industry assets, called his remarks an exaggeration. Leveraged ETFs use derivatives and debt in an attempt to enhance returns - often by two or three times - that an investor would receive from putting money in stocks, bonds or other financial instruments. The only problem: if the underlying securities or indexes drop, the losses can be fast and heavy. [Read more.](#)
- **ISDA Tells CFTC to Coordinate Swaps Data Reporting Requirements Globally: May 27, 2014**
ISDA told the CFTC on May 23 that it should take steps to ensure that global regulators coordinate their swaps data reporting requirements. In a letter responding to the CFTC's request for comment on its swap data reporting rules, ISDA said data elements currently reported by market participants "are more than sufficient" to meet transparency goals and to allow regulators to monitor risk in the marketplace. At the same time, it said that "reducing the complexity" of reporting rules would improve "both the quality and timeliness" of data sent to the CFTC. [Read more.](#)

* This is not an all-inclusive list of congressional, agency and market participant actions related to these issues. It is a snap-shot of what we believe is of most interest to institutional investors.

- **CFTC to Hold June 19 Meeting on Hedges of Physical Commodities: May 27, 2014**
 The CFTC will hold a public roundtable on June 19, 2014 to discuss position limits for physical commodity derivatives, the agency said in e-mailed statement. [Read more.](#)
- **EU Financial-Transaction Tax Plan Turns to Which Derivatives to Tax: May 23, 2014**
 European efforts to build a financial-transaction tax are turning to which derivatives to tax and how to leave room for future expansion, planning documents show. [Read more.](#)
- **CFTC Reviewing U.S. Banks' Overseas Trading for Possible Evasion: May 14, 2014**
 The CFTC is reviewing U.S. banks' steps to restructure overseas swap trading as part of an examination of whether the companies might be evading Dodd-Frank Act rules. The agency's staff is gathering information about any changes banks have made to derivatives contracts or their corporate structures seeking to free themselves from the law's restrictions, Mark P. Wetjen, the agency's acting chairman, told reporters yesterday after a Senate hearing in Washington. [Read more.](#)
- **CFTC Weighs High-Speed Trader Registration for Oversight: May 13, 2014**
 The main U.S. derivatives regulator is debating whether requiring a new registration for high-speed traders would give overseers better access to information collected by exchanges including the CME Group. [Read more.](#)
- **Derivatives Worldwide Hit \$710 Trillion, According To BIS Study: May 13, 2014**
 The Bank for International Settlements (BIS) just published a [statistical study](#) on the amount of derivatives worldwide at the end of 2013, and they reach the astronomical amount of \$710 Trillions (\$710,000,000,000,000). For comparison purposes, the United States GDP in 2013 amounts to \$16 Billion, or 44 times less. And this mass of derivatives beats by 20% the preceding record, dating just before the 2008 crisis... We hear a lot about bubbles these days, in the stock market, the bond market or in the commodities market, but this one is without a doubt the greatest one. [Read more.](#)
- **CFTC's Technology Advisory Committee to Meet on June 3, 2014: May 13, 2014**
 The full committee (along with Subcommittees on Automated and High Frequency Trading and Data Standards) to focus on issues related to high-frequency trading, the CFTC's surveillance program, and swap execution facilities. [Read more.](#)
- **J.P. Morgan's \$2 Billion Blunder: Bank Admits Losses on Massive Trading Bet Gone Wrong; Dimon's Mea Culpa: May 11, 2014**
 A massive trading bet boomeranged on J.P. Morgan Chase trading losses and its chief executive, James Dimon, with a rare black eye following a long run as what some called the "King of Wall Street." The losses stemmed from wagers gone wrong in the bank's Chief Investment Office, which manages risk for the New York company. [Read more.](#)
- **Yellen Says the Fed is Watching for Signs of Excessive Speculation: May 7, 2014**
 Janet L. Yellen, the chair of the Federal Reserve, testified before the Congressional Joint Economic Committee that she expects the economy to expand at a faster pace than it did last year. Yellen also devoted a considerable section of her prepared remarks to the risk that the Fed's stimulus campaign would destabilize financial markets. She said that the Fed was watching closely for signs of excessive speculation, and that "some reach-for-yield behavior may be evident." But she said such signs were limited to small pockets of the markets, and the Fed did not see broad reasons for concern. [Read more.](#)
- **John Riley quits as CFTC legislative affairs director: May 7, 2014**
 John Riley, the legislative affairs director at the CFTC left the agency this month after a 30-year career in Federal service. Riley, a former Capitol Hill staffer, has led the Office of Legislative Affairs while Congress debated and passed landmark financial reform legislation and as the CFTC implemented its key provisions. Ted Serafini will be acting director of the CFTC's legislative affairs office. Before join the commission two years ago, Serafini served as the Deputy U.S. Trade Representative for Congressional Affairs and as legislative assistant to former Sen. Blanche Lincoln. [Read more.](#)
- **CFTC: Keynote Address by Commissioner Scott D. O'Malia, Derivatives 2014: A Market in Transition: May 6, 2014**
 CFTC Commissioner O'Malia delivered the keynote address at the Tabb Forum event, focusing on recent market structure changes. Commissioner O'Malia focused his remarks on three key topics, high-frequency trading/algorithmic trading, cross-border issues, and the Path Forward Guidance, that have been impacted by the

transformation of market structure, and the ways in which the CFTC can fix the negative impacts of its rules. Commissioner O'Malia noted that Michael Lewis' recent book *Flash Boys* stirred up debate about HFT and market structure. Commissioner O'Malia disagreed with Mr. Lewis' assessment that markets are "rigged," and stated that the next Technology Advisory Committee meeting will have a panel to address and respond to the charges in Lewis' book from a derivatives perspective. However, Commissioner O'Malia does not believe the CFTC has the technological capability to oversee fast and increasingly complex derivatives markets. He stated that he is frustrated with the lack of a strategic technology plan, so instead he plans to open a forum on the CFTC website where interested third parties can submit proposals or ideas about how the CFTC should develop such a market surveillance system. [Read more.](#)

- **Credit Suisse Said Near U.S. Tax Deal for Over \$1 Billion: May 6, 2014**

Credit Suisse Group AG is close to resolving a U.S. tax-evasion probe with an agreement that might include a penalty of more than \$1 billion, after creating a separate entity last year to house the businesses involved. [Read more.](#)

CONGRESSIONAL ACTION

- **Senate Appropriations SEC and CFTC Budget Requests: May 14, 2014**

At a Subcommittee on Financial Service and General Government hearing entitled "Strengthening Oversight and Integrity of the Financial Markets" the chairs of the CFTC and the SEC testified on their agencies' FY 2015 budget requests. Acting CFTC Chairman Mark Wetjen said that the agency has been able to examine in a timely manner only two out of 15 clearinghouses under its jurisdiction, despite the "tremendous amount" of risk they represent. SEC Chair Mary Jo White told the subcommittee it is important for the (FSOC) to distinguish between asset managers and banks when making designations of systemically important financial institutions (SIFIs). [Read more.](#)

- **Senate Agriculture, Nutrition and Forestry Committee Hearing: May 13, 2014**

On May 13, the Senate Agriculture Committee held a hearing entitled "High Frequency and Automated Trading in Futures Markets." The hearing focused on latency issues in the futures markets, the possibility of "front running," risk controls, and whether the CFTC will issue rules on automated trading. Topics discussed in the hearing included, but were not limited to: (1) Trading Speeds; (2) Automated Markets; (3) Risk Controls; (4) Latency; (5) Registration; (6) Front Running; (7) Next Steps; (8) CFTC Resources; (9) Regulation; (10) Securities Markets; and (11) Penalties/ Enforcement. Vince McGonagle, Director of the CFTC's Division of Market Oversight gave testimony. [Read more.](#)

- **House Passes H.R. 4167, which Adjusts the Volcker Rule to Prevent Disruptions in CLO Market: April 29, 2014**

The House passed H.R. 4167, the "Restoring Proven Financing for American Employers Act." The bill (1) Amends the Bank Holding Company Act of 1956 with respect to certain prohibitions on proprietary trading by banking entities and certain relationships with hedge funds and private equity funds (Volcker Rule), (2) Prohibits the Volcker Rule from being construed to require divestiture of any debt securities of collateralized loan obligations issued before January 31, 2014, (3) Declares that a banking entity shall not be considered to have an ownership interest in a collateralized loan obligation because it acquires or retains a debt security in it if the debt security has no indicia of ownership other than the right of the banking entity to participate in the removal for cause, or in the selection of a replacement after removal for cause or resignation, of an investment manager or investment adviser of the collateralized loan obligation, AND (4) Defines "collateralized loan obligation" as any issuing entity of an asset-backed security comprised primarily of commercial loans. [Read more.](#)

AGENCY ACTIONS

1. Agency Announcements

COMMODITIES TRADING

- **CFTC Amends Complaint against Banc de Binary, Ltd. to Charge Three Affiliated Corporate Entities with Violating the CFTC's Ban on Trading Options Contracts Off-Exchange: May 7, 2014**

On June 5, 2013, the CFTC filed a civil Complaint in federal district court in Nevada against Banc de Binary, Ltd. (incorporated in the Republic of Cyprus), charging it with violating the CFTC's ban on off-exchange options trading by offering commodity option contracts to U.S. customers for trading, as well as soliciting, accepting orders and funds, or confirming the execution of orders, from U.S. customers. On May 6, 2014, the CFTC announced it filed an amended Complaint in this action, charging three corporate affiliates of Banc de Binary, Ltd. also with violating

the CFTC's ban on off-exchange options trading by offering commodity option contracts to U.S. customers for trading, as well as soliciting, accepting, or confirming the execution of orders from U.S. customers during the period from May 2011 through at least March 2013. [Read more.](#)

DERIVATIVES CLEARING

- **EU Watchdog Proposes Breathing Space on Derivatives Clearing: May 8, 2014**
Banks would not have to clear some of their derivatives transactions during the roll out of new rules aimed at making markets safer under a proposal put forth by a top European Union regulator on Thursday. The introduction of new EU rules this year which require clearing of some types of derivatives transactions has created legal uncertainty for many banks over so-called frontloading. This refers to contracts in issue that may have to be cleared later on, creating a legal uncertainty which also left banks unsure how to price the derivatives. Uncleared trades will face higher capital charges as they are deemed riskier than cleared trades, which pass through a third party backed by a default fund in case one side of the trade goes bust. [Read more.](#)
- **CFTC's CDR Issues No-Action Letter for OTC Clearing Hong Kong Limited: May 7, 2014**
The CFTC's Division of Clearing and Risk ("DCR") issued a time-limited no-action letter stating that DCR will not recommend that the Commission take enforcement action against OTC Clearing Hong Kong Limited (OTC Clear) for failing to register as a derivatives clearing organization (DCO) pursuant to Section 5b(a) of the Commodity Exchange Act (CEA) or U.S. clearing participants of OTC Clear for failure to clear certain interest rate swaps and certain non-deliverable forwards through a registered DCO pursuant to Section 2(h)(1)(A) of the CEA and the implementing regulations thereunder. [Read more.](#)

EVENT-SPECIFIC REPORTS

- **CFTC Expands Portal Capabilities to Make Market Participant Electronic Submissions Easier, more Efficient: May 5, 2014**
Beginning May 5, 2014, market participants can submit event-specific reports more easily and securely because of new enhancements to the CFTC Portal. The new features also improve the CFTC's ability to process submissions. The CFTC Portal has been expanded to allow market participants, including designated contract markets (DCMs), swap execution facilities (SEFs), and swap data repositories (SDRs), to electronically submit event-specific reports to the CFTC to comply with CFTC regulations that requires them to report to the agency in a timely and confidential manner. [Read more.](#)

LEVERAGE RATIO STANDARDS

- **Banking Regulators Strengthen Leverage Rules: May 1, 2014**
The Office of the Comptroller of the Currency ("OCC"), the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation ("FDIC") adopted a final rule to strengthen the supplementary leverage ratio standards for the largest, most systemically significant U.S. banking organizations. The final rule applies to any bank holding company (BHC) with more than \$700 billion in consolidated total assets or \$10 trillion in assets under custody (covered BHC) and any insured depository institution (IDI) subsidiary of these covered BHCs (covered IDI). [Read more.](#)

SWAPS

- **CFTC Delays International Regulation to 2015: June 4, 2014**
The CFTC said it will wait until 2015 to begin executing a plan to extend the regulator's reach into international derivatives markets by overseeing swaps booked by foreign banks if they are arranged by an employee in the U.S. The agency had planned to begin this oversight on September 15, 2014 and will now wait until after December 31, 2014. [Read more.](#)
- **Wetjen Urging Rulemaking to Embrace Foreign Swaps Trading Platforms, Clearing: May 29, 2014**
Acting CFTC Chairman Mark Wetjen said that he has directed agency staff to develop rules that would allow foreign-based swap trading platforms to "seek appropriate regulatory treatment under U.S. law." Such platforms are eligible for no-action relief, although such relief does not currently apply to any European trading platform. Wetjen also noted that so far, no EU-regulated trading facilities—known as multilateral trading facilities—have accepted no-action relief offered in February by CFTC staff to allow them to trade swaps deemed "made available to trade" by the agency. MAT swaps must be traded on a CFTC-regulated swap execution facility or designated contract market. [Read more.](#)
- **CFTC Implements Trade Execution Mandate Related to Package Trades: May 1, 2014**

- **Effective Date:**
- **Expires:**

May 16, 2014
September 30, 2014

On May 1, the CFTC addressed a critical issue in the implementation of the trade execution mandate for swaps: how to handle "package trades" that involve more than one type of contract but are priced and traded as one transaction. The CFTC staff issued a no-action letter establishing a "phased compliance timeline" for these transactions, which make up a significant portion of the trading activity in the credit default swaps markets. The no-action letter also provides further time-limited relief for the clearing of package trades, under which SEFs and DCMs will be able to permit new trades to replace earlier trades that have been rejected for clearing without violating the CFTC's prohibition on pre-arranged trading. The CFTC said this clearing-related relief effectively means that the SEFs can implement a "new trade, old terms" procedure. This relief is subject to certain conditions and will expire on September 30, 2014. The timeline consists of four dates by which certain types of package trades must be executed on swap execution facilities (SEFs) or designated contract markets (DCMs):

- May 15: trades in which all components are swaps that have been "made available to trade" and therefore are subject to the trade execution requirement;
- June 1: trades in which at least one MAT swap component and all other components are swaps subject to the clearing requirement;
- June 15: trades in which the swap components are MAT and all other components are U.S. Treasury securities (U.S. Dollar Swap Spreads); and
- Nov. 15: trades with at least one MAT swap component and at least one component that is either 1) a futures contract (invoice spread) or some other type of instrument that is not a swap, 2) a swap not subject to the clearing requirement, or 3) an equity swap or other type of swap not solely regulated by the CFTC.

[Read more.](#)

▪ **CFTC's DSIO Announces a Streamlined Approach for Considering Requests for Relief from Registration for Delegating CPOs: May 12, 2014**

The CFTC's Division of Swap Dealer and Intermediary Oversight ("DSIO") announced a streamlined approach for considering requests for registration no-action relief on an expedited basis from commodity pool operators ("CPO") who delegate certain activities to a registered CPO. The letter DSIO issued does not provide CPO registration relief. Rather, it establishes a streamlined approach under which DSIO will consider requests for no-action relief from CPO registration and the form of request for relief a CPO must submit under that approach. DSIO will issue individual responses to each requestor seeking relief. **[Read more.](#)**

▪ **SEC Staff Paper: Credit Default Swap Market Concentrated in Hands of Few Large Dealers: April 28, 2014**

The over-the-counter credit default swap market is concentrated in a small network of highly interconnected dealers, a study by Securities and Exchange Commission staff said. In a white paper, "Interconnectedness in the CDS Market," staff from the Division of Economic and Risk Analysis found that the top 10 buyers of CDS contracts in 2012 were all dealers. The paper also found that the five largest buyers in terms of the number of contracts were the counterparties for 44.08 percent of all contracts bought in 2012. Moreover, the top 10 and 20 buyers respectively represented 72.2 percent and 85.77 percent of all CDS market activity in that year. The white paper is available **[here.](#)**

SWAP EXECUTION FACILITIES

▪ **CFTC Proposes Rule, Opens Comment Period, Offers Relief in Revisiting Derivatives Regime: May 22, 2014**

CRFT Acting Chairman Mark Wetjen and Commissioner Scott O'Malia announced three actions to benefit utility special entities, protect liquidity for certain end users, further consider certain hedging practices for commercial market participants, and promote end-user trading on swap execution facilities (SEFs) and designated contract markets (DCMs). **[Read more.](#)**

▪ **CFTC Issues Notice of Temporary Registration as a Swap Execution Facility to Clear Markets North America, Inc.: May 13, 2014**

The CFTC has approved the application of Clear Markets North America, Inc. (CMSEF) for temporary registration as a swap execution facility (SEF). CMSEF is incorporated in the state of Delaware. As a next step, the Commission will undertake a substantive review of CMSEF's application for full registration. **[Read more.](#)**

▪ **CFTC Issues Notice of Temporary Registration as a Swap Execution Facility to ICAP Global Derivatives Limited: May 9, 2014**

The CFTC approved the application of ICAP Global Derivatives Limited (IGDL) for temporary registration as a swap execution facility (SEF). IGDL is a private limited company registered in the United Kingdom and is a wholly-

owned subsidiary of ICAP Holdings (UK) Limited, a private limited company registered in the United Kingdom. [Read more.](#)

- **CFTC Further Implements Trade Execution Mandate: May 1, 2014**

The CFTC Divisions of Market Oversight (DMO) and Clearing and Risk (DCR) announced further implementation of the trade execution requirement for certain interest rate and credit default swaps. Beginning May 16, 2014, market participants executing swaps subject to the trade execution requirement that are part of a so-called “package transaction” must be traded on a Swap Execution Facility (SEF) or Designated Contract Market (DCM), pursuant to a phased compliance timeline. DMO previously provided no-action relief for certain swaps that otherwise were required to be traded on a SEF or DCM to the extent that those swaps were part of a package transaction. [Read more.](#)

- 2. **Agency Rulemaking**

- **FSOC Notice and Request for Comments: Proposed Information Collection on Designation of Financial Market Utilities as Systemically Important, pursuant to Section 804 of the Dodd-Frank Act (12 CFR part 1320)**
 - **Release Date:** **May 27, 2014**
 - **Comments Due:** **July 28, 2014**
 - The FSOC is soliciting comments concerning its collection of information related to its authority to designate financial market utilities as systemically important. Section 804 of the Dodd-Frank Wall Street Reform and Consumer Protection (the “Dodd-Frank Act”) provides the Council the authority to designate a financial market utility (“FMU”) that the Council determines is or is likely to become systemically important because the failure of or a disruption to the functioning of the FMU could create, or increase, the risk of significant liquidity or credit problems spreading among financial institutions or markets and thereby threaten the stability of the United States financial system. [Read more.](#)

- **CFTC Reopening of Comment Period: Proposed Rule on Position Limits for Derivatives and Proposed Rule on Aggregation of Positions (78 FR 30762)**
 - **Reopen Date:** **June 12, 2014**
 - **Comments Due:** **July 3, 2014**
 - On December 12, 2013, the CFTC published in the Federal Register a notice of proposed rulemaking (the “Position Limits Proposal”) to establish speculative position limits for 28 exempt and agricultural commodity futures and options contracts and the physical commodity swaps that are economically equivalent to such contracts.
 - On November 15, 2013, the CFTC published in the Federal Register a notice of proposed rulemaking (the “Aggregation Proposal”) to amend existing regulations setting out the Commission's policy for aggregation under its position limits regime.
 - The CFRC has directed staff to hold a public roundtable on June 19, 2014, to consider certain issues regarding position limits for physical commodity derivatives.
 - In order to provide interested parties with an opportunity to comment on the issues to be discussed at the roundtable, the CFRC will reopen the comment periods for the Position Limits Proposal and the Aggregation Proposal for a three-week period starting June 12, 2014 (one week before the roundtable) and ending July 3, 2014 (two weeks following the roundtable). [Read more.](#)

- **SEC Proposed Rule: Recordkeeping and Reporting Requirements for Security-Based Swap Dealers, Major Security-Based Swap Participants, and Broker-Dealers; Capital Rule for Certain Security-Based Swap Dealers (79 FR 25193)**
 - **Release Date:** **May 2, 2014**
 - **Comments Due:** **July 1, 2014**
 - The SEC is proposing recordkeeping, reporting, and notification requirements applicable to security-based swap dealers (SBSDs) and major security-based swap participants (MSBSPs), securities count requirements applicable to certain SBSBs, and additional recordkeeping requirements applicable to broker-dealers to account for their security-based swap and swap activities.
 - The Commission also is proposing an additional capital charge provision that would be added to the proposed capital rule for certain SBSBs.
 - Finally, the Commission is proposing technical amendments to the broker-dealer recordkeeping, reporting, and notification requirements.

- **CFTC Proposed Rule: Position Limits for Derivatives and Aggregation of Positions (79 FR 30762)**

- **Release Date:** **May 29, 2014**
- **Comments Due:** **June 12, 2014**
- On December 12, 2013, the CFTC published a notice of proposed rulemaking to establish speculative position limits for 28 exempt and agricultural commodity futures and options contracts and the physical commodity swaps that are economically equivalent to such contracts.
- On November 15, 2013, the Commission published a notice of proposed rulemaking to amend existing regulations setting out the Commission's policy for aggregation under its position limits regime.
- The Commission has directed staff to hold a public roundtable on June 19, 2014, to consider certain issues regarding position limits for physical commodity derivatives. In order to provide interested parties with an opportunity to comment on the issues to be discussed at the roundtable, the Commission will reopen the comment periods for the Position Limits Proposal and the Aggregation Proposal for a three-week period starting June 12, 2014 (one week before the roundtable) and ending July 3, 2014 (two weeks following the roundtable).
- [Read more.](#)

- **CFTC Final Rule: Enhancing Protections Afforded Customers and Customer Funds Held by Futures Commission Merchants and Derivatives Clearing Organizations; Correction (79 FR 26831)**
 - **Release Date:** **May 12, 2014**
 - **Effective Date:** **May 12, 2014**
 - The CFTC is correcting final rules published in the Federal Register of November 14, 2013 (78 FR 68506).
 - Those rules, 17 CFR Parts 1, 3, 22, 30, and 140, took effect on January 13, 2014.
 - This correction amends Appendix B to 17 CFR 1.20 and Appendix B to 17 CFR 1.26 by removing a phrase from both appendices.
 - [Read more.](#)

- **CFTC Proposed Rule: The CFTC Announced the Formation of an Interdivisional Staff Working Group**
 - **Release Date:** **January 21, 2014**
 - **Comments Due:** **May 27, 2014**
 - On January 21, 2014, the CFTC announced the formation of an interdivisional staff working group to review its swap data reporting rules and related provisions set forth in part 45 of the Commission's regulations.
 - Among other objectives, the working group was asked to identify and make recommendations to resolve reporting challenges, and to consider data field standardization and consistency in reporting by market participants.
 - Consistent with those efforts, and informed by the working group's analysis to date, the Commission today requests comment on specific swap data reporting and recordkeeping rules to help determine how such rules are being applied and to determine whether or what clarifications, enhancements or guidance may be appropriate.
 - This request for comment is limited to part 45 and related provisions.

- **SEC Proposed Rule: Recordkeeping and Reporting Requirements for Security-Based Swap Dealers, Major Security-Based Swap Participants, and Broker-Dealers; Capital Rule for Certain Security-Based Swap Dealers**
 - **Release Date:** **April 17, 2014**
 - **Comments Due:** **July 1, 2014**
 - The SEC is proposing recordkeeping, reporting, and notification requirements for security-based swap dealers ("SBSDs") and major security-based swap participants ("MSBSPs"), securities count requirements applicable to certain SBSBs, and additional recordkeeping requirements applicable to broker-dealers to account for their security-based swap and swap activities.
 - The SEC is also proposing an additional capital charge provisions that would be added to the proposed capital rule for certain SBSBs as well as various technical amendments to the broker-dealer recordkeeping, reporting, and notification requirements.

- **CFTC Final Rule: Ownership and Control Reports, Forms 102/102S, 40/40S, and 71**
 - **Release Date:** **November 18, 2013**
 - **Effective Date:** **February 18, 2014**
 - **Compliance Date:** **August 15, 2014**
 - The CFTC is adopting new rules and related forms to enhance its identification of futures and swap market participants. These final rules will leverage the CFTC's current position and transaction

reporting programs by requiring the electronic submission of trader identification and market participant data on amended Forms 102 and 40, and on new Form 71.

- The new and amended forms require the reporting of certain trading accounts active on reporting markets that are designated contract markets or swap execution facilities.

3. Comment Periods Ended, Letters Received

CFTC's REQUEST FOR COMMENTS REGARDING PROPOSED RULE REGARDING REVIEW OF SWAP DATA RECORDKEEPING AND REPORTING REQUIREMENTS (79 FR 16689)

▪ **ISDA's Comments Filed with the CFTC on May 23, 2017**

ISDA believes the Commission should enact some important changes to the Part 45 regulations in order to simplify compliance, improve data quality and increase the Commission's ability to rely on and successfully utilize the SDR data to meet its objectives to achieve market transparency and mitigate risk. These include, but are not limited to:

- Simplifying creation data reporting requirements, including the establishment of a specified data set for confirmation data
- Eliminating reporting obligations for alpha swaps and void ab initio swaps
- Eliminating valuation data reporting for cleared swaps by Swap Dealers and /Major Swap Participants
- Clarifying the impact of a change in the status of a reporting counterparty to reporting obligations
- Addressing prime brokerage transaction flows
- Allowing USI creation by additional non-registrants
- Clarifying that post-priced swaps are reportable only when all PET details are finally determined
- Revising Appendix 1 to Include field level distinctions for Part 45 vs. Part 43 and eliminate the "any other terms" field
- Eliminating the requirement to update party specific static data for non-live swaps
- Clarifying reporting obligations for cleared swap transaction flows, including alpha swaps and clearing model distinctions

In addition, we strongly believe that the Commission should invest in international harmonization for purposes of improving the value of global data aggregation and analysis by working with global regulators to agree uniform standards and solutions pertaining to:

- Transaction flows, including for cleared swaps
- Standardization of reportable data fields
- Unique Swap Identifiers/Unique Transaction Identifiers
- Unique Product Identifiers
- Technical standards for SDRs, including standard product
- Data privacy & confidentiality

[Read more.](#)

FSR's (The Financial Services Roundtable) Comments Filed with the CFTC on May 27, 2017

The scope of the Commission's inquiry is sufficiently broad that we found it necessary to focus on a limited number of specific aspects of the reporting regime that are of particular concern to our members and specific questions raised by the Commission. However we urge the Commission to continue to review its reporting requirements as additional data is received.

- Valuation Data
- Guarantees
- Swaps with Multiple Counterparties
- Cross-Border Harmonization
- Uniform Reporting Standards
- Streamlining the Reporting Process

[Read more.](#)

▪ **SIFMA Asset Management Group's Comments Filed with the CFTC on May 27, 2014**

We wish to highlight a few primary concerns with the Swap Reporting Rules as implemented to date. First, as a basic principle, asset managers should have access to swap trade information reported to an SDR by a dealer for clients on whose behalf a manager is acting. However, for reasons we describe in detail below, asset managers are not presently able to effectively access swap data on behalf of their clients. Furthermore, AMG believes that the Commission can greatly improve the quality of the swap data being reported by establishing uniform standards for swap data reporting. Among other things, uniform reporting standards would allow the Commission and other global financial regulators to easily compare data across multiple SDRs to develop a clear picture of the swap markets. We would also recommend that to the extent possible, such uniform reporting standards be developed in conjunction with those being implemented under other jurisdictions outside of the United States. Any efforts to

harmonize the swap data reporting requirements on a cross-border basis will be tremendously beneficial to our members who transact in the swap markets on a global basis. Overall, we believe that by developing uniform reporting standards and ensuring that all authorized parties have access to swap data, SDRs can provide tremendous operational and regulatory efficiencies to the swap markets. More specifically, as set forth in more detail below, AMG is requesting that the Commission work with each SDR to ensure that:

- asset managers have the ability, if they so choose, to review SDR reported trade information for trades executed on behalf of clients, or otherwise process such information in an automated fashion;
- client trade information is made available to asset managers in an easily accessible, easy to read format, without all the client's trades, including those placed by other managers, being exposed to non-authorized parties;
- trade information is not deemed verified merely by the passage of time;
- confidential client trade information is not provided to third parties, without the asset manager's or its client's consent; and
- consistent specifications and reporting fields are utilized to harmonize reporting requirements across jurisdictions and to ensure the interoperability of such information.

[Read more.](#)