

**MEMO# 32454**

May 12, 2020

# **Revised Draft ICI Comment Letter on CFTC Swap Data Reporting Proposals-Your Final Comments Requested by Monday, May 18th**

[32454]

May 12, 2020 TO: Derivatives Markets Advisory Committee RE: Revised Draft ICI Comment Letter on CFTC Swap Data Reporting Proposals-Your Final Comments Requested by Monday, May 18th

On April 1st, we sent you a draft comment letter on the Commodity Futures Trading Commission's proposed amendments to its regulations regarding swap data reporting.<sup>[1]</sup> As discussed on our April 22nd member call and on subsequent calls we had with many of you, members have strongly divergent views on the CFTC's proposed changes to the block trade and cap size thresholds and related reporting delays.

**In response to member comments and feedback, we have significantly revised the sections of the letter addressing the block trade issues, as well as other sections of the letter. Comments on the letter are due to the CFTC on Friday, May 22nd. We therefore request your final written comments on the attached revised draft letter no later than Monday, May 18th, to ensure we have consensus on the current approach and can include any additional member comments. Please send your comments to [sarah.bessin@ici.org](mailto:sarah.bessin@ici.org). In addition, we urge members who have strong views on the block trade issues to submit their own comment letters to the CFTC.**

The attached revised draft comment letter:

- Questions the basis for the CFTC's proposal to raise the block size threshold from a 50-percent to a 67-percent notional amount and raise the cap size from a 67-percent to a 75-percent notional amount. The CFTC based these thresholds on the analysis in its 2013 block trade rule and has not undertaken a fresh evaluation of the extensive data available from the SDRs since 2013 to determine whether these thresholds are appropriate, including the market impact they would have. We therefore urge the Commission to more closely evaluate the data that has been reported to it to determine the appropriate thresholds for block and cap sizes, and the costs and

benefits to the marketplace as a whole of changing these thresholds. We don't take a substantive view on what the right number is.

- Does not comment substantively on the CFTC's proposed 48-hour reporting delay for block trades but asserts that it is likely that a "one size fits all" approach will not sufficiently reflect differences in liquidity among different types of swaps. We recommend that the Commission more closely analyze the anticipated market impact of various potential reporting delays, based on swap asset classes.

For your convenience in reviewing the revised draft letter, we have attached a clean draft along with a redline, marked against the last draft we circulated to you.

Sarah A. Bessin  
Associate General Counsel

[Attachment No. 1](#)

[Attachment No. 2](#)

**endnotes**

[1] ICI Memorandum No. 32341 (April 1, 2020), *available at* [https://www.ici.org/my\\_ici/memorandum/memo32341](https://www.ici.org/my_ici/memorandum/memo32341).

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