

MEMO# 30074

July 26, 2016

Draft ICI Comment Letter on Proposed Rules of a Security-Based Swap Data Repository; Member Feedback Requested by August 3

[30074]

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TO: DERIVATIVES MARKETS ADVISORY COMMITTEE No. 36-16
ICI GLOBAL TRADING & MARKETS COMMITTEE No. 32-16
SECURITIES OPERATIONS ADVISORY COMMITTEE RE: DRAFT ICI COMMENT LETTER ON PROPOSED RULES OF A SECURITY-BASED SWAP DATA REPOSITORY; MEMBER FEEDBACK REQUESTED BY AUGUST 3

DTCC Data Repository (U.S.) LLC (“DDR”) has submitted an application to operate a security-based swap data repository (“SDR”) to the Securities and Exchange Commission (“SEC”). [1] If a fund is a counterparty to a trade reported to DDR, the DDR rulebook would require that fund to enroll as a “user” of the SDR. As a “user,” the fund would have various obligations under DDR’s rulebook that the SEC did not contemplate when it adopted its reporting rules for security-based swaps (“Regulation SBSR”) and SDR registration rules. [2]

ICI’s draft comment letter on DDR’s proposed rulebook is attached for your review. If you have any comments on the draft letter, please send them in writing to George Gilbert at george.gilbert@ici.org by close of business on August 3. We expect to file the letter on August 5.

The draft letter recommends that all SDR rules, policies and procedures meet three criteria. First, SDR rules should not require funds and other non-reporting sides to become participants or “users” of SDRs. Second, SDR rules should not require non-reporting sides to assume reporting duties exceeding those required by Regulation SBSR or the SDR registration rules. Third, an SDR’s rules, policies and procedures, and other publicly available documents should provide enough information to enable users of the SDR to understand the SDR’s operations.

The draft letter urges the Commission to require DDR to modify its rulebook in three ways to meet these standards. First, DDR’s rulebook should provide that a non-reporting side is not required to become a full “user” of DDR to perform its limited reporting obligations

under Regulation SBSR. Second, DDR should clarify that a non-reporting side has no duty to verify information reported by the reporting side. Third, DDR should explain more comprehensively the operation of its fee schedule and public dissemination functionality.

Jennifer S. Choi
Associate General Counsel

George M. Gilbert
Counsel

[Attachment](#)

endnotes

[1] See Security-Based Swap Data Repositories; DTCC Data Repository (U.S.) LLC; Notice of Filing of Application for Registration as a Security-Based Swap Data Repository, Securities Exchange Act Release No. 78216 (June 30, 2016), available at <https://www.sec.gov/rules/other/2016/34-78216.pdf>. The application is available at <https://www.sec.gov/rules/other/2016/dtcc-data-repository-form-sdr.htm>.

[2] See 17 CFR 240.13n-1-240.13n-11 (the SDR registration rules); 17 CFR 242.900-909 (Regulation SBSR).

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