

MEMO# 32341

April 1, 2020

Draft Comment Letter on CFTC Swap Data Reporting Proposals - Your Comments Requested by April 20; Member Call on April 22

[32341]

April 1, 2020 TO: Derivatives Markets Advisory Committee RE: Draft Comment Letter on CFTC Swap Data Reporting Proposals - Your Comments Requested by April 20; Member Call on April 22

As you know, on February 20, the Commodity Futures Trading Commission (CFTC or "Commission") proposed amendments to its regulations regarding swap data reporting. Specifically, the Commission (i) proposed amendments to its regulations under Part 43 regarding real-time public reporting and dissemination of swap data ("Real-Time Reporting Proposal"); (ii) proposed amendments to its regulations under Part 45 regarding swap data reporting and recordkeeping for swap data repositories (SDRs) and other swap data reporting parties ("Swap Data Reporting Proposal"); and (iii) reopened the comment period for its previously issued proposal on SDR and swap data reporting requirements ("Reopened Reporting Proposal"). The three swap data reporting proposals ("Proposals") are intended to improve data quality and consistency, and streamline CFTC regulations.[\[1\]](#)

Comments on the Proposals are due to the Commission on May 20, 2020. ICI has prepared, for your review and feedback, the attached draft comment letter on the Proposals. Please provide your written comments and feedback by April 20 to sarah.bessin@ici.org. We have also scheduled a call of the Derivatives Markets Advisory Committee to discuss members' comments on April 22, from 2-3 pm ET. You should have received an Outlook invitation for that call. If you did not, please contact Monique Curtis at monique.curtis@ici.org. We appreciate that members are very busy right now with many urgent matters. To facilitate your review of the draft letter and make sure we get the feedback we need, I have indicated in the letter those areas where we are seeking members' views and comments (in addition to any other comments you may have). Once I receive your comments and we have a Committee call to discuss issues of concern with other members, I will prepare a revised draft letter for your final review and comment.

Highlights of Draft Comment Letter

ICI's draft comment letter focuses primarily on the Real-Time Reporting Proposal, which would amend the definition of "block trade," change the swap categories for block treatment under the CFTC's regulations, update block thresholds and cap sizes, and change the reporting delay for block trade data. Based on the additional swap data now available to it through SDRs, the Commission has re-evaluated the current swap categories that serve as a basis for determining appropriate minimum block sizes (AMBS). The Commission believes that it may be appropriate to expand the swap categories to better tailor block sizes to the particular swap transactions within each applicable swap category. *We seek members' feedback on the CFTC's proposed changes to the swap categories.*

The CFTC proposes several changes to the process to determine AMBS under its regulations, and proposes to revise the cap sizes for notional and principal amounts that would mask the total size of a swap transaction that equals or exceeds the AMBS for a given swap category. The Commission proposes to raise the current 50-percent notional amount to calculate new AMBSs to 67-percent, except for those swap categories characterized by low liquidity for which the block size would be zero. The CFTC proposes to revise the cap sizes based on a 75-percent notional amount calculation for certain swap categories in the interest rate, credit, FX, and other commodity asset classes, except for those swap categories that have limited trading activity. The Commission's proposed revised thresholds generally are consistent with its intentions for the post-initial period, as reflected in the block trade regulations it adopted in 2013.[\[2\]](#) *We seek detailed member feedback on the CFTC's proposed amendments for determining AMBS and cap size to inform our comments on these issues.*

Most importantly, the CFTC proposes to extend the time delays for SDRs to publicly disseminate swap transaction and pricing data for swap transactions with a notional or principal amount above the corresponding AMBS, if the parties to the swap have elected block treatment. Current time delays vary from 15 minutes to 24 business hours, depending on the type of swap. The CFTC proposes to instead require SDRs to implement a time delay of 48 hours for these block trade transactions. As discussed in the draft letter, this is the most controversial aspect of the Real Time Reporting Proposal. There was extensive discussion at the CFTC open meeting regarding the appropriate length of the public reporting delay for block trades. *We seek member feedback and comment on the appropriate length of a delay for block trades, and support for your views. We believe members may have different perspectives on this issue.*

The draft letter also seeks member feedback on certain aspects of the Swap Data Reporting Proposal and the Reopened Reporting Proposal, as well as the adequacy of the CFTC's proposed compliance dates for the Proposals.

We look forward to your feedback and comments, and encourage you to provide as much detail as possible, as it will strengthen our letter. Data and examples that support your views will be particularly helpful.

Sarah A. Bessin
Associate General Counsel

[Attachment](#)

endnotes

[1] For a summary of the Proposals, *please see* ICI Memorandum No. 32276 (March 12, 2020), *available at* https://www.ici.org/my_ici/memorandum/memo32276.

[2] For a summary of the CFTC's 2013 block trade regulations, *please see* ICI Memorandum No. 27283 (June 6, 2013), *available at* https://www.ici.org/my_ici/memorandum/memo27283. ICI's 2012 comment letter on the CFTC's 2012 block trade re-proposal is *available at* <https://www.ici.org/pdf/26158.pdf>.

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