

CDIDE

7 April 2023
CDIDE/2023/07REV2

CDIDE / DDE-IRG Meeting (Virtual)

Wednesday, 25 January 2023
13:00 – 14:00 CET

Meeting Minutes – FINAL

Attendees

DDE-IRG Members:

Paul Nichol	Bank of America (UK)
Richard Young	Bloomberg LP (UK)
Ken Ling	China Futures Market Monitoring Center (CN)
Xiaoxue Zhang	China Futures Market Monitoring Center (CN)
Simon Wiltshire	Derivative Service Bureau (DSB) (UK)
Alexander McDonald	European Venues and Intermediaries Association (UK)
Andrew Harvey	Global Financial Markets Association (UK)
Eleanor Hsu	ISDA (US)
David Nowell	KOR Financial (US)
Tomoko Imamiya	Mizuho Bank (JP)
Masako Nagaura	Mizuho Bank (JP)
Minako Kusunoki	MUFG Bank (JP)
Yuko Katayama	MUFG Bank (JP)
Que-Phuong Dufournet	Societe Generale (FR)
Masashi Daido	Sumitomo Mitsui Banking Corporation (JP)
Yohei Numazawa	Sumitomo Mitsui Banking Corporation (JP)
Gregg Rapaport	The Depository Trust & Clearing Corporation (US)
Warren Rubin	The Depository Trust & Clearing Corporation (US)

CDIDE Members:

Craig McBurnie	Australian Securities and Investments Commission
Eric Thong	British Columbia Securities Commission

Grzegorz Skrzypczynski	European Central Bank
Joanna Lednicka	European Securities and Markets Authority
Meg Ota	Financial Services Agency (Japan)
Cathy Lam	Hong Kong Monetary Authority
Shaun Olson	Ontario Securities Commission
Mike Willis	U.S. Securities and Exchange Commission
Jovan Stojkovic	U.S. Securities and Exchange Commission
Greg Scopino	U.S. Securities and Exchange Commission
Robert Stowsky	US Commodity Futures Trading Commission
Kate Mitchel	US Commodity Futures Trading Commission

ROC Secretariat

Susan Chun	Office of Financial Research, U.S. Treasury
Thomas Brown	Office of Financial Research, U.S. Treasury

1. Welcome

CDIDE co-Chair Grzegorz Skrzypczynski opened the meeting and welcomed everyone.

2. DDE IRG Governance Document

Greg Scopino (SEC) began by providing the background and purpose of the CDIDE group, and presented the charter of the DDE IRG, laying out the governance principles for the cooperation within the group.

The goal of the IRG is to make recommendations to the CDIDE and ROC. To ensure adequate transparency, this feedback will be made publicly available, together with the minutes of the meetings. It was noted that there should be no expectation from the members that any of the matter discussed on the meetings remains confidential.

The group will meet at least twice a year. The meeting agendas will be set by CDIDE, in conjunction with IRG, and will be shared with the group one week before the meeting. The minutes will be circulated after the meeting and posted on the ROC website 2 weeks after the meeting. While there is no quorum requirement, the CDIDE will ensure that there is an adequate representation, especially, when discussing specific issues.

The DDE IRG governance document states that the default practice will be for meetings to be held virtually. When there are instances when meetings take place in-person, members will have the option to attend virtually. Also, the DDE IRG is to abide by the ROC's Intellectual Property and Anti-trust policies. There were no comments from DDE IRG members.

Document:

- i. DDE IRG governance document

3. Revised CDE Technical Guidance – version 3

Shaun Olson (OSC) initiated the walk through of the Technical Guidance document and summarized the feedback received during the public consultation period on new data elements and revisions. He noted that the feedback fed into / will feed into discussions of regulators and may be discussed with the DDE IRG in future meetings.

Overall, the comments fell into two buckets:

- 1) revisions to existing data elements, and
- 2) additional elements, referring mainly to baskets, underliers, and lifecycle events.

Shaun summarized the feedback to specific groups of elements:

- data elements related to counterparties: it was clarified how allocated trades would be handled – feedback was not substantial and mostly in agreement;
- valuation amount: several comments were received (e.g. on the treatment of the unadjusted amount) and are currently being discussed by the regulators;
- price fields and price unit of measure: the goal was to eliminate any ambiguity for commodity swaps; the price fields were broadly accepted in feedback, while comments on the price units of measure are still under review by the authorities;
- notional amounts and quantities: comments were minor and changes for clarity have been made;
- custom baskets: several comments were received, and analysis is still underway;
- new fields, including underlying ID, underlying asset price source, crypto-asset underlying indicator: many relevant comments were received, and they are now under review;
- lifecycle events: the proposed model was based on CFTC and ESMA implementation; there were no major questions, and some changes were made to provide more clarity.

There were no comments from DDE IRG members.

Document:

- i. [Revised CDE Technical Guidance – version 3](#) (linked.)

4. Questions/Topics raised by DDE IRG members and discussed during the call

Shaun Olson (OSC) moderated the discussion.

- i. Cross-jurisdictional vs Single-jurisdictional
 - a. The key point that was presented was that the mandate of the group is to address cross-jurisdictional harmonization matters and that specific single jurisdictional questions should be raised to the local regulator. Nevertheless, CDIDE welcomes information on divergent jurisdictional implementation, as this may guide the future work on standardization.

- b. Greg Rapaport (DTCC) asked about the proper procedure to raise a point or issue and the response is to contact the local regulator first, but bringing to this group is also welcome.
 - c. Richard Young (Bloomberg) questioned use of the OTC ISIN, rather than the UPI in the EMIR Refit. Joanna Lednicka (ESMA) clarified that the scope of EMIR is different to some other jurisdictions, as it includes the exchange-traded derivatives, which will not have the UPI assigned. Furthermore, it was noted that the existence of OTC ISIN and UPI does not preclude aggregation, thanks to the OTC ISIN / UPI hierarchy, maintained by the DSB.
- ii. Jurisdictional CDE adoption
 - a. Shaun clarified that not every data element in the Technical Guidance is expected to be fully adopted by all jurisdictions. Furthermore, some jurisdictions may require certain elements that go beyond the guidance.
 - b. Paul Nichol (BoA) asked about the different implementation of the delta field between jurisdictions, in particular in EMIR Refit, where the values are more restricted than in CFTC rules. He also asked how to manage such cross-jurisdictional differences.
 - c. It was acknowledged that differences in timing and scope can occur between jurisdictions. While the ROC members try to harmonize the reporting as much as possible, this is governed by different jurisdictional processes and the group can only try to harmonize the implementation on a best effort basis.
- iii. ISO 20022 implementation timelines
 - a. Que-Phuong Dufournet (Soc Gen) questioned how to manage different implementation timeframes.
 - b. It was noted that the jurisdictions are collaborating with the trade repositories, in order to smoothly manage the adoption of ISO 20022, however different jurisdictions are managing these individually.
 - c. Kate Mitchell (CFTC) noted that CFTC delayed the implementation of the ISO 20022, to make sure that market participants have sufficient time to adapt their reporting processes.
 - d. Shaun also noted that some market participants expressed the need to avoid jurisdictional go-lives at the same time (i.e. preferred the sequential approach). The regulators need to balance these different views coming from market participants.
- iv. Portfolio swaps
 - a. Qp Dufournet (SocGen) asked ROC further guidance on portfolio swaps reporting (price, lifecycle events, reporting of each individual trade within the portfolio or the portfolio position)
 - b. Shaun invited the members of the group to elaborate on how portfolio swaps are reported now.
 - c. The members of the group pointed out that the current wording of the CDE guidance suggests that the initial price should be reported as price of the swap, which looks incorrect and not in line with some current industry best practices. This can also lead to misleading notional and valuation.

- d. This was noted as a topic that is currently being reviewed, especially with respect to reporting an initial price, when there can be a reset. CDIDE will review this topic and respond to the group.
- v. Excess collateral
 - a. Que-Phuong Dufournet (SocGen) and Eleanor Hsu (ISDA) requested clarity on what constitutes excess collateral and how to report it, for instance, whether it includes independent amount or collateral outside of the Variation Margin CSA. Members were asked to provide some examples for review and CDIDE will follow-up regarding further clarity.
- vi. Delta
 - a. It was acknowledged that there can be different jurisdictional requirements in the short run related to the potential change in the allowable value between CDE version 2 and potential version 3, due to different implementation timelines.
- vii. Crypto asset underlying indicator
 - a. This topic is still being looked at, as some valuable feedback was received in the public consultation process, so members can expect more detail from CDIDE as the group moves forward.
 - b. Greg Rapaport (DTCC) asked why this element is not included in the UPI, noting that DSB PC is working towards identifying crypto-asset underliers. Greg suggested that CDIDE addressed the differences in UPI and CDE elements to eliminate any confusion going forward.
 - c. Robert Stowsky (CFTC) clarified that the element can be considered as a placeholder. While there is on-going work to properly account for crypto-asset underliers in the Classification of Financial Instruments (CFI) and UPI, this will still take some time, and the regulators need this general indicator already now. Once the crypto-asset underlier are identifiable via CFI and UPI, the indicator may not be needed any more.
 - d. This, as well as some other more detailed points have been raised in the public consultation and require more clarification, so CDIDE continues to analyze this matter.
- viii. Valuation amount
 - a. This issue was acknowledged as requiring more detailed guidance, so the CDIDE will provide an update in future communication.

5. Underlier ID (OTHER) - standardising allowable values

Craig McBurnie (ASIC) provided an overview of this topic, noting that the CDIDE recognizes that standardizing allowable values is desirable. He noted that the some underliers may not be supported by the UPI system on a temporary basis and some underliers may not be supported on a longer term basis, depending on cycle times for the identification and addition to the UPI system of in-use underliers.

- a. The initial view of the CDIDE was that, in principle, this CDE data element should be reported in the format that would apply if the underlier was covered by the UPI system
- b. Simon Wiltshire (DSB) noted that the DSB is working with the CDIDE to widen the coverage of UPI underliers

- c. There were no comments from DDE IRG members

6. Session for Questions and Points

The CDIDE co-chairs then welcomed questions from DDE IRG members.

- a. Robert Stowsky stated that any member can raise an opinion or question and that these are being shared with the ROC and regulators to fulfil the goals of the group.
- b. Richard Young (Bloomberg) asked what the other goals are, other than global standardization, and if these can be shared with members.
- c. Robert Stowsky responded that one such goal is useability of the data, which is crucial for the regulators to meet their mandates.

7. Closure

Co-Chair Robert Stowsky thanked everyone and closed the meeting.