26 May 2021

Via Electronic Submission

Legal Entity Identifier Regulatory Oversight Committee
Centralbahnplatz 2
Basel 4002
Switzerland
leiroc@bis.org

Re: Harmonisation of critical OTC derivatives data elements (other than UTI and UPI): Revised CDE Technical Guidance

Ladies and Gentlemen:

The Depository Trust & Clearing Corporation ("DTCC") welcomes the opportunity to respond to the recent consultation document prepared by the Legal Entity Identifier Regulatory Oversight Committee ("ROC") on Harmonisation of critical OTC derivatives data elements (other than UTI and UPI): Revised CDE Technical Guidance (the "Consultation").\(^1\) DTCC appreciates the opportunity to respond to this Consultation and offers the following comments for your consideration.

DTCC agrees with the proposed revisions to the specified critical over the counter derivatives data elements ("CDE") in the consultation and believes the proposed technical changes will facilitate CDE implementation. In particular, the proposed revisions to the definition of "CDE 2.29 Collateral portfolio indicator" provide helpful clarifications. While DTCC supports the proposed change to "CDE 2.96 Prior UTI (for one-to-one and one-to-many relations between transactions)", it may not be possible to require adherence to the ISO 23897 Standard depending on the regulatory implementation for the Unique Trade Identifier ("UTI") itself. In other words, if the regulatory implementation of ISO 23897 standard for UTI results in

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\(^1\) DTCC commends the ROC for continuing to strive for greater harmonisation in the design and usage of the CDE. However, DTCC notes that Unique Product Identifier ("UPI") is scheduled to be available in Q3 of 2022. Given the interaction between CDE and UPI, DTCC requests that the ROC provide guidance around data elements that may be included both within a specific CDE and embedded as a defining data element within a UPI. For example, should a CDE be requested or required if it is already included in the UPI as the promulgation of both the UPI and the CDE could give rise to conflicting data? Further, if both sets of data are provided in a submission to a trade repository, which data element value should be used to perform validations?
existing UTIs being excluded from conversion to the new standards (especially around special characters) then the same exclusion would need to apply to the Prior UTI field.

In addition to the comments stated above, DTCC offers the following observations for your consideration.

Harmonisation for Stakeholder and Regulatory Needs

DTCC continues to strongly support efforts to establish a globally standardized reporting solution that assists regulators in obtaining a more comprehensive global view of the over the counter ("OTC") derivatives market. As such, DTCC requests that the ROC provide additional guidance with respect to CDE and messaging standards to facilitate the implementation of CPMI IOSCO’s Technical Guidance: Harmonisation of critical OTC derivatives data elements (other than UTI and UPI)\(^2\) by jurisdictions.

1. Critical OTC derivatives data elements

Standardized swap data amalgamation from repositories (both within and across jurisdictions) provides regulators the basis for a comprehensive view needed to oversee both their own markets and global systemic risk. Regulatory reporting updates have refined requirements by, among other things, reducing the optionality and subjectivity around participant reporting, which, in turn, has resulted in improvements in both data quality and the ability to aggregate and remove duplications (in dual-reporting regimes) within a given jurisdiction and across jurisdictions. However, without the consistent adoption of specifically identified key data elements necessary for monitoring systemic risk, the ability to aggregate could be diminished and this oversight goal is compromised. In addition, for firms that are required to report in multiple jurisdictions, bespoke adoption of CDE unnecessarily increases compliance and operational costs. Accordingly, as the International Governance Body of the globally harmonised UTI, UPI, and CDE, DTCC encourages the ROC to provide strong guidance on best practices for adopting CDE in a standardized fashion, particularly with respect to use of the same definitions, format, and allowable values.

2. Messaging Standards

Similarly to the harmonisation of the CDE themselves, DTCC supports global regulatory adoption of a common messaging standard for reporting to and from trade repositories, and believes the adoption of a common data standard and technical format of reporting would help promote data consistency both across the trade repositories and among jurisdictions. On the basis of DTCC’s experience supporting XML based messaging formats across multiple reporting regimes, DTCC believes guidance from the ROC and, as appropriate, other regulatory bodies is necessary to ensure a smooth adoption of ISO 20022. Specifically, DTCC believes that industry guidelines on how the ISO 20022 schema versioning should work across regimes is needed.\(^3\)


\(^3\) In addition, DTCC notes that if non-backward compatible changes are made to the ISO 20022 schema, the industry will incur large costs to upgrade each time a new ISO schema is released.
Such guidelines would provide a clear interpretation of technical specifications, which would, in turn, minimize on-going maintenance costs for market participants and regulatory authorities.\textsuperscript{4}

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We appreciate the ROC's willingness to consider our views and maintain an open dialogue moving forward. Should you wish to discuss this correspondence further, please contact me at (212) 855-2331 or cchilds@dtcc.com.

Sincerely,


\begin{center}
\textsc{Chris Childs}
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Managing Director, Head of Repository and Derivatives Services
CEO and President, DTCC Deriv/SERV LLC

\textsuperscript{4} To provide greater clarity to market participants, DTCC recommends that the ISO 20022 schema be accompanied with robust documentation/metadata that annotates the applicability of data elements to specific jurisdictions and regulations. This approach was successfully taken for reporting under Securities Financing Transaction Regulation through the ISO myStandards website, and DTCC believes that such approach should be continued here.