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CFTC Staff Announces Review of Swaps Reporting Requirements and Requests Public Comment

CFTC Staff Has Initiated a 40-Day Public Comment Period on Proposed *Roadmap to Achieve High Quality Swaps Data*

The Division of Market Oversight (“DMO”) of the Commodity Futures Trading Commission (“CFTC”) announced plans to review the swap data reporting regulations that the CFTC issued under the Dodd-Frank Act. The CFTC has also requested public comment on the reporting regime, which provides an opportunity for industry participants to raise issues and recommend proposed changes. Specifically, DMO plans to review the rules in Parts 43 (Real-Time Public Reporting), 45 (Swap Data Recordkeeping and Reporting Requirements) and 49 (Swap Data Repositories) of the CFTC’s Regulations and to focus on these goals:

- ensuring that the CFTC receives accurate, complete, and high-quality data on swaps transactions for its regulatory oversight role;
- streamlining reporting, reducing messages that must be reported, and right-sizing the number of data elements that are reported to meet the agency’s priority use-cases for swaps data; and
- evaluating Parts 43, 45, and 49 of Commission Regulations to identify provisions that need updating or changing to meet these goals and clarifying obligations for reporting counterparties and swap data repositories (“SDRs”).

In connection with the review, DMO has published a “Roadmap to Achieve High Quality Swaps Data” (the “Roadmap”) that describes two tranches of proposed rulemaking workstreams that DMO plans to pursue in the coming months.

- Tranche 1 would address SDR operations, and DMO is aiming to publish a notice of proposed rulemaking for Tranche 1 during Q4 of 2017. Specific issues to be addressed in the Tranche 1 rulemaking include:

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- SDRs' validation of incoming swaps data, and
 - swap counterparties' confirmation of the accuracy of swap data at SDRs
- Tranche 2 would address reporting workflows generally, and DMO is aiming to publish a notice of proposed rulemaking in late Q1/early Q2 of 2018. Specific issues to be addressed in the Tranche 2 rulemaking include:
 - Streamlining reporting workflows,
 - Standardizing and harmonizing data fields,
 - reducing the number of messages that must be reported on an individual swap,
 - exploring whether delayed reporting deadlines will improve data quality, and
 - increasing the utility of the real-time publically reported swaps data.

The announcement follows the findings, published in the June 5, 2017 report of the CFTC's Office of the Inspector General ("OIG"), that the agency's data infrastructure is inadequate, particularly with respect to the market for uncleared swaps. In that report, OIG recommended that the CFTC should "focus resources on improving its data infrastructure, particularly with regard to uncleared swaps."

PROCESS AND NEXT STEPS

DMO has requested comments on its plan and the Roadmap, encouraging input from all entities involved in swaps reporting (*i.e.*, SDRs, swap dealers, clearinghouses, swap execution facilities, end-users and entities using swaps to hedge risk, and third-party service providers involved in swap data reporting). The comment solicitation period opened on July 10, 2017, and comments may be submitted until August 21, 2017. Comments submitted will be made publicly available on the CFTC's website.

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