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Via website: <https://form.gov.sg/60ab71ad91a1c7001107be14>

2 September 2021

Re: Proposed Amendments to the MAS Securities & Futures (Reporting of Derivatives Contracts) Regulations

Dear Sir/Madam

The Global Foreign Exchange Division ('GFXD') of the Global Financial Markets Association ('GFMA') and the International Swaps and Derivatives Association ('ISDA') welcome the opportunity to provide comments to the Monetary Authority of Singapore (MAS) on its Proposed Amendments to the Securities & Futures (Reporting of Derivatives Contracts) Regulations, ('the Consultation'), published on 6 July 2021.

The GFXD was formed in co-operation with the Association for Financial Markets in Europe ('AFME'), the Securities Industry and Financial Markets Association ('SIFMA') and the Asia Securities Industry and Financial Markets Association ('ASIFMA'). Its members comprise 23

global FX market participants,¹ collectively representing the majority of the FX inter-dealer market.²

Since 1985, ISDA has worked to make the global derivatives markets safer and more efficient. Today, ISDA has over 960 member institutions from 77 countries. These members comprise a broad range of derivatives market participants, including corporations, investment managers, government and supranational entities, insurance companies, energy and commodities firms, and international and regional banks. In addition to market participants, members also include key components of the derivatives market infrastructure, such as exchanges, intermediaries, clearing houses and repositories, as well as law firms, accounting firms and other service providers. Information about ISDA and its activities is available on the Association's website: www.isda.org. Follow us on Twitter, LinkedIn, Facebook and YouTube.

Importance of adopting Global Standards

With more than a decade of industry experience in global reporting, it is critical to note that as MAS, the global regulatory community and the industry are now poised to implement revised, more fit-for-purpose and future-state reporting regimes, the lessons learned since derivatives reporting began, and the consequential opportunities for improvement, must also be grasped and catalysed. Experience that has shown that misaligned, inconsistent, unharmonised and/or differing requirements across reporting regimes directly undermine the quality of reported data and detract from the G20's original objectives in implementing the over-the-counter (OTC) derivative reforms for what is, by its very nature, a global, cross-border market. Therefore, every step must be taken to minimise and ideally eliminate such circumstances.

There are a number of paradigms that underlie this. The future state of reporting must be maximally harmonised, consistent, adaptable, digital, flexible and efficient. Rules need to be easy to read, interpret and code. Definitions, formats and values need to be aligned, and the perimeter of the regime needs to be clearly demarcated. Harmonisation should be true to the spirit of the word, and not subject to incremental jurisdictional add-ons or deviations. Technological developments since the inception of reporting mean that a digital overlay to the

¹ Bank of America, Bank of New York Mellon, Barclays, BNP Paribas, Citi, Credit Agricole, Credit Suisse, Deutsche Bank, Goldman Sachs, HSBC, JP Morgan, Lloyds, Mizuho, Morgan Stanley, MUFG Bank, NatWest Markets, Nomura, Northern Trust, RBC, Standard Chartered Bank, State Street, UBS and Wells Fargo.

² According to Euromoney league tables.

way the regime is written, complied with and administered will ensure the most robust, efficient and economical implementation.

To this end, we draw the attention of MAS to the joint ISDA/AFMA/GFXD response to the ASIC Consultation Paper 334: Proposed changes to simplify the ASIC Derivative Transaction Rules (Reporting): First consultation³. Many of the issues identified in both consultations are common and we would encourage the continued collaboration of Asia-Pacific ('APAC') regulators in the definition and implementation of their updated reporting regimes

Digital Regulatory Reporting

The complex policy and technical nature of the Consultation and its associated future implementation means that ensuring all reporting stakeholders interpret, apply and implement regulatory requirements consistently is of paramount importance. All such stakeholders – reporting entities, regulators, infrastructures and service providers – are now presented with an unprecedented opportunity to reflect on the original implementations of reporting requirements many years ago, learn lessons about what can be done more efficiently, and apply them as they collectively look ahead to the comprehensive changes across all major G20 reporting jurisdictions. Regulators around the globe are in the process of updating their regulatory requirements to give effect to the supranational objectives of harmonisation, standardisation and consistency, and these objectives are exactly what the ISDA Common Domain Model (CDM)⁴ was designed to achieve, through human-readable and machine-executable logic.

The CDM presents an unparalleled opportunity to apply its Digital Regulatory Reporting (DRR) capabilities to the Singaporean and other G20 reporting regimes. By creating a single, common, digital representation of events, best practices and processes that occur throughout the derivatives trade lifecycle and applying the CDM's common code to execute the reporting requirements, market participants can achieve uniformity and consistency in the interpretation and implementation of complex rules.

DRR has enormous potential to realise efficiencies and cost savings across the derivatives market and has already demonstrated that it can improve the accuracy and consistency of reporting. Last year, ISDA and fintech firm REGnosys developed a DRR pilot that enables firms to access an executable code version of the MAS reporting regulations – a project that

³ <https://www.isda.org/a/UBZTE/ISDA-AFMA-GFXD-Response-ASIC-CP-334-20210315.pdf>

⁴ <https://www.isda.org/2019/10/14/isda-common-domain-model/>

won the Regulatory Reporting category of the G20 TechSprint in October.⁵ This follows earlier work on the DRR pilot with the Bank of England and the UK Financial Conduct Authority.⁶

ISDA is now working with regulators, market participants and trade repositories across the globe to take this work forward, including through a CDM DRR working group which will convert reporting rules into machine-readable and executable code in the CDM, and engage with regulators on implementation. Using the CDM to support regulatory reporting will give greater confidence to both market participants and regulators, enabling a faster, cheaper and more reliable implementation than was possible a decade ago. Ultimately, it will also enable regulators to issue new rules directly in the CDM in addition to legal text, allowing updates to be implemented far more efficiently.

The industry thanks MAS for its interest and constructive engagement on DRR to date and stands ready to work with MAS on the digital implementation of its updated reporting regime. Consistently interpreted requirements, data elements and processes through the CDM and DRR will give it the highest chance of success.

Unique Transaction Identifier

Given the UTI is meant to be no more than an unintelligent code which identifies the two sides of a derivative transaction report, it is of primary importance that efficiency, implementation ease and cost minimisation take absolute priority in determining how it is generated and communicated.

The most consistent point of feedback from members is that while centralised infrastructures (including trading platforms, Central Counterparties (CCP) and confirmation platforms) should take priority for UTI generation wherever possible and therefore remain at the top of the generation logic, immediately following that, counterparties should be able to agree how to exchange UTIs in the manner that is most efficient for them. The purpose of the generation logic should be to act as a fallback that can be referred to in case counterparties cannot agree.

This is simply because many counterparties would find it vastly simpler to rely on an existing or future bilateral agreement - at the counterparty level – which stipulates that one party will

⁵<https://www.isda.org/2020/10/06/isda-and-regnosys-win-g-20-techsprint-for-regulatory-reporting/#:~:text=ISDA%20and%20REGnosys%20Win%20G%2D20%20TechSprint%20For%20Regulatory%20Reporting,-Tags%3A&text=ISDA%20and%20fintech%20firm%20REGnosys,for%20International%20Settlements%20Innovation%20Hub>

⁶ <https://www.isda.org/2019/05/21/isda-cdm-deployed-to-help-deliver-uk-digital-regulatory-reporting-pilot/>

always be the UTI generator, to achieve the same outcome with lower cost, greater certainty and improved efficiency. This clean and simple way should be respected as much as possible.

We also note that there are precedents for promoting bilateral agreement as high within the generation logic as possible, such as within the January 2020 ESMA Guidelines on Reporting under Articles 4 and 12 SFTR⁷. In order to align as far as practicable with other global regulations, MAS should promote further opportunities to harmonise this use of UTI generation by counterparty agreement with other jurisdictions.

We have raised concern regarding the MAS proposal to consider an alternative option to the UTI's generation outlined in Annex D of the consultation. Global harmonisation was the original rationale of the development of the global UTI and strongly advise MAS against adopting its proposed alternative option, given that it deviates significantly from the global consensus.

In terms of implementation and operational uncertainties and challenges our 2017 Joint Response identified a number of outstanding issues with the CPMI-IOSCO Waterfall that require resolution at a global level before jurisdictional implementation can be finalised. These would apply equally to both options proposed by MAS and would also be largely removed if bilateral agreement were prioritised.

Unique Product Identifier

We strongly encourage a coordinated approach to implementation of the global UPI within the APAC region. The readiness of the key regulators within this region should be the driver, similar to the way in which the implementation timing of the UTI “share and pair” requirement has been approached in the region.

Implementation Timing

We are acutely aware of the need for a coordinated global approach to adoption of these new reporting standards and we acknowledge that there is still a significant element of uncertainty as to the implementation dates of other major jurisdictions. Consequently, we strongly encourage a coordinated approach across jurisdictions, especially across the key APAC jurisdictions, to ensure consensus on all remaining uncertainties before finalising the updated Rules. Implementation of the Rules without much-needed resolution on key points such as the inconsistency of rules between different jurisdictions may create confusion and uncertainty in the market, and add additional, unnecessary costs for reporting entities. There is also a strong recommendation from members that the actual UTI go-live date is aligned, as far as

practicable, with those in other jurisdictions such as the other APAC jurisdictions, EU, UK and US, i.e. a ‘big bang’ approach.

Question 1. MAS seeks comments on the proposed requirement to report a UTI which is uniquely assigned to each OTC derivatives contract and to continue referencing the same UTI for the life of the contract.

The GFXD and ISDA support the proposal to adopt the Unique Transaction Identifier (UTI), to require a UTI to be uniquely assigned to each reportable OTC derivatives contract and for the same UTI to be referenced for the life of the contract.

However, we reiterate our members’ feedback for a model, at a global level, in which bilateral agreement (i.e. between the counterparties to a trade as to which will generate the UTI) immediately follows generation by centralised infrastructures in the following order:

1. CCP or clearing broker
2. Trading Platforms
3. Confirmation Platforms

The purpose of the remaining generation logic should be to act as a fallback that can be referred to in case counterparties cannot agree.

At a high level, this is because it will be much simpler, cheaper and more efficient for counterparties to rely on an existing or future bilateral agreement - at the counterparty level – which stipulates that one party will always be the UTI generator. The alternative is a complex generation logic, potentially on a trade-by-trade basis.

We also note that there are precedents for prioritising bilateral agreement within the generation logic, such as that seen in the January 2020 ESMA Guidelines on Reporting under Articles 4 and 12 of SFTR⁷ and recommend that MAS aligns accordingly.

We recognise that the CPMI-IOSCO Harmonisation Group UTI Technical Guidance (‘UTI Technical Guidance’)⁸ is intended for regulatory Authorities, and that each regulator may need to take different steps to amend their rules to adopt the recommendations. It is critical that all

⁷ Securities Financing Transaction Regulation’ see:
https://www.esma.europa.eu/sites/default/files/library/esma70-151-2838_guidelines_on_reporting_under_sftr.pdf

⁸ <https://www.bis.org/cpmi/publ/d158.pdf>

regulators implement and translate the guidance into their rules in a consistent way, and with a synchronised timeline. An inconsistent approach to global adoption of the UTI Technical Guidance would be inefficient, challenging and would indeed undermine the original rationale of harmonisation, and therefore, the availability of a globally consistent UTI for each derivative transaction. Fragmented adoption would also impede and delay the ability of global regulators to aggregate or analyse data using the UTI, and asynchronous implementation would result in the “build, wait, adjust build, wait, readjust, build, wait” approach referenced in previous industry responses to regulatory consultations on this issue.⁹

For these reasons we strongly encourage MAS to retain flexibility in its local implementation process and have regard to the timelines for implementation of rule rewrites in G20 jurisdictions around the globe, including where such implementations may not occur in line with currently expected timelines.

Before addressing the specific UTI proposals within the Consultation, with respect to the steps within the UTI Technical Guidance Waterfall (“CPMI-IOSCO Waterfall”), we note that many of the concerns outlined in pages 12-16 of the 2017 joint ISDA-GFMA response to the FSB’s Proposed Governance Arrangements for the Unique Transaction Identifier (UTI) – Consultation Document (“2017 Joint Response”)¹⁰ remain outstanding today (see our answer to Question 2a below). We also refer you to the General Comments in Section C of the joint ISDA-AFMA-GFXD response to ASIC CP 334¹¹.

Question 2.

- (a) What are the implementation and operational uncertainties or challenges that a reporting entity may face in determining the UTI-generator for cross-jurisdictional contracts if MAS (i) strictly follows the CPMI-IOSCO Waterfall (ref Annex C), or (ii) prioritises the determination of a cross-jurisdictional contract higher in the waterfall (ref Annex D)?**

As noted above in our response to Question 1, global consistency in application of the CPMI-IOSCO Waterfall would be preferable, as the original rationale of the UTI Technical Guidance was harmonisation of approach.

⁹ https://www.isda.org/a/AFbTE/ISDA-SIFMA_Response_CFTC_P43_P45_P49-_22May2020_Final.pdf

¹⁰ <https://www.gfma.org/correspondence/gfma-fx-division-and-isdas-submit-comments-to-the-fsb-on-its-consultation-on-governance-arrangements-for-the-unique-transaction-identifier-uti/>

¹¹ <https://www.isda.org/a/UBZTE/ISDA-AFMA-GFXD-Response-ASIC-CP-334-20210315.pdf>

However, we repeat our members' unanimous feedback that, within the CPMI-IOSCO Waterfall, bilateral agreement (i.e. between the counterparties to a trade as to which will generate the UTI) should immediately follow generation by centralised infrastructures (e.g. CCPs or clearing brokers, trading platforms, and confirmation platforms).

In terms of implementation and operational uncertainties and challenges our 2017 Joint Response identified a number of outstanding issues with the CPMI-IOSCO Waterfall that require resolution at a global level before jurisdictional implementation can be finalised. These would apply equally to both options proposed by MAS and would also be largely removed if bilateral agreement were prioritised. In particular:

- Static data: The generation logic would require reporting parties to maintain a significant amount of static data, e.g. in relation to the reporting status of their counterparties for each trading scenario or the ability/willingness of centralised infrastructure to generate UTIs. This static data will require frequent checks to ensure that it remains up to date, requiring significant resources from firms;
- Counterparty knowledge: The generation logic would require reporting parties to know the details of their counterparties' reporting obligations on a cross-border basis. There are significant, long-known challenges with such tests globally, which are exacerbated in the APAC region due to 'nexus' reporting requirements. An entity will not know, and cannot reasonably be expected to know, which jurisdiction's reporting rules do (and do not) apply to their counterparty in a transaction;
- Information exchange: We would caution against any cross-jurisdictional UTI test which may have the practical effect of requiring information relevant to UTI generation to be exchanged at the time of trading. Care must be taken to distinguish between the pricing, risk management and client facilitation imperatives of traders and salespersons in dynamic markets, and the operational requirements related to regulatory reporting which are traditionally handled by middle and back offices;
- Infrastructure oversight: Not all market infrastructures may be subject to derivatives regulation and therefore the UTI generation requirements. For example, in the case of two counterparties trading on a third country platform that has no obligation to provide a UTI, there would be no way to require the infrastructure to generate a UTI in the absence of regulatory pressure. This links to our concern above about the static data that reporting parties will need to maintain. As for the definitions of the different types of infrastructure, there remains uncertainty in some cases, adding another layer of complexity. In addition where trades are not centrally cleared, executed on trading platforms nor confirmed via market infrastructure there will be a dependency on traditional confirmation channels which will exclude those trades that are not confirmed, e.g. alpha trades which are intended to be cleared, negatively affirmed bilateral deals and inter entity deals; and

- Reporting obligations: We request clarification that, when considering whether a counterparty has a reporting obligation outside of Singapore, this refers to a reporting obligation involving the global UTI standard. Where a counterparty has a reporting obligation in a jurisdiction that has not yet adopted the global UTI, this should not form part of the UTI generation logic.

However, as an additional issue with option (ii) as outlined in Annex D, we refer again to the fact that global harmonisation was the original rationale of the development of the global UTI and strongly advise MAS against adopting this option, given that it deviates significantly from the global consensus.

(b) On balance, which option in (a) is preferred?

Subject to market feedback that, on a global level, bilateral agreement should immediately follow generation by centralised infrastructures, we would support option (i), for MAS to strictly follow the CPMI-IOSCO Waterfall as in Annex C. However, as noted in our response to Question 1, the feedback from our members' is for a model, at a global level, in which bilateral agreement (i.e. between the counterparties to a trade as to which will generate the UTI) immediately follows generation by centralised infrastructures (e.g. CCPs or clearing brokers, trading platforms, and confirmation platforms). The purpose of the remaining generation logic should be to act as a fallback that can be referred to in case counterparties cannot agree.

Any deviation from the global agreement, such as that set out in Annex D, would create significant operational challenges for market participants, particularly in respect of cross-border transactions which may need to be reported in multiple jurisdictions. We draw attention to the fact that 56% of FX transactions occur on a cross-border basis, rising to 68% of inter-dealer trading¹²).

(c) What are the possible ways to address such potential conflicts with the rules of other jurisdictions?

We encourage MAS to work via the Committee on Derivatives Identifiers and Data Elements ('CDIDE') to achieve a globally consistent application of the UTI and to address the outstanding areas of uncertainty at a global level.

¹² https://www.bis.org/statistics/rpfx19_fx.htm

We also note our answer under 2(a) above regarding the prioritisation of bilateral agreement on UTI generation, which would minimise the instances in which the rest of the waterfall must be used.

Question 3. For a cross-jurisdictional OTC derivatives contract where no jurisdiction has a sooner reporting deadline,

(a) Is the hierarchy set out in paragraph 2.12 feasible?

As outlined in our response to Question 1, global consistency in the application of the CPMI-IOSCO Waterfall is essential, as the original rationale of the UTI Technical Guidance was harmonisation of approach. However, we reiterate market feedback that within the CPMI-IOSCO Waterfall, bilateral agreement (i.e. between the counterparties to a trade as to which will generate the UTI) immediately follows generation by centralised infrastructures (e.g. CCPs or clearing brokers, trading platforms, and confirmation platforms). This would also reduce the likelihood of situations emerging which are not covered by the CPMI-IOSCO Waterfall.

The step to determine whether one of the jurisdictions has a sooner reporting deadline should therefore remain as Step 10 in the CPMI-IOSCO Waterfall, rather than being prioritised as in Annex D/paragraph 2.12.

We foresee significant challenges associated with determining if a trade is cross jurisdiction and which jurisdiction has sooner reporting timeline. Consequently, we would caution against any cross jurisdictional test.

(b) What are the specific implementation and operational uncertainties or challenges that a reporting entity may face in determining the UTI-generator for such OTC derivatives contracts?

As outlined in our response to Question 2, there exist challenges with the CPMI-IOSCO Waterfall, which include the difficulty of establishing the reporting obligations to which one's counterparty is subject. Therefore, we encourage MAS to work via the CDIDE to achieve a globally consistent application of the UTI and to address the outstanding areas of uncertainty at a global level.

(c) What are the possible ways to address such challenges?

We encourage MAS to work via the CDIDE to achieve a globally consistent application of the UTI and to address the outstanding areas of uncertainty at a global level.

(d) Do you support adopting an “agreed” list approach? If so, how should it be implemented?

No, we do not support the “agreed” listed approach. This would be a deviation from the globally agreed CPMI-IOSCO Waterfall.

At the point at which the waterfall asks whether one of the jurisdictions has a sooner deadline for reporting than the other (CPMI-IOSCO Waterfall Step 10), if the answer is no, we suggest that the next steps in the waterfall are taken, rather than additional steps introduced at a jurisdictional level.

Question 4.

(a) MAS seeks views on the proposal

- (i) for a CCP, clearing member or trading venue to be the UTI-generator for OTC derivatives contracts that are centrally-cleared or centrally-executed but not centrally-cleared, as the case may be; and**
- (ii) where the CCP, clearing member or trading venue is unable or unwilling to generate the UTI, for reporting entities to identify a UTI-generator by going to the next step as if no CCP, clearing member or trading venue is involved.**

We support harmonisation with the CPMI-IOSCO Waterfall in relation to the generation of the UTI by CCPs, clearing members, trading venues and confirmation platforms.

We also believe there is further scope for regulators to apply pressure to centralised infrastructures which refuse to generate a UTI, despite the fact that they may be unregulated. Adopting a UTI generation and communication process for a centralised infrastructure is not a difficult undertaking, and thus we do not subscribe to the view that nothing can be done about such unwilling infrastructures. Regulators have the responsibility for promoting and ensuring fair, efficient and orderly markets, and have a number of levers, both direct and indirect, within their regulatory toolkit to achieve these central imperatives.

(b) What are the specific implementation and operational uncertainties or challenges that a reporting entity may face for the proposal in (a)?

The global recognition of CCPs, trading venues and confirmation platforms and their ability to generate a UTI remains an inherently ambiguous concept, which would have the practical effect of requiring members to make a determination at an individual infrastructure level as to whether that particular infrastructure is ‘able, willing and permitted’ to generate the UTI. This

will include knowing whether the infrastructure is subject to derivatives regulation and the requirement to generate a UTI. This in practice means a table of static data which will constantly need to be updated, disseminated, understood and re-implemented.

Accordingly, we strongly support efforts within the CDIDE to encourage discussion and resolution of these critical uncertainties. Global common recognition of which CCPs, trading platforms and confirmation platforms are UTI generators is of paramount importance, and any uncertainty in this regard may impact both reporting completeness and timeliness. It is for these reasons that we believe there is further scope for regulators to coordinate their application of pressure to unwilling infrastructures, as discussed above.

Question 5.

- (a) For domestic contracts which are (i) neither centrally-cleared nor centrally-executed and (ii) where only one counterparty is subject to reporting obligations, MAS seeks views on the proposal for the reporting entity to be the UTI-generator.**

Yes, we support harmonisation with the CPMI-IOSCO Waterfall in relation to the generation of the UTI by the reporting entity.

- (b) What are the specific implementation and operational uncertainties or challenges that a reporting entity may face with this approach?**

A party to the trade is not able to fully and accurately know its counterparty's reporting obligations. We refer again to our response under Question 2, where we outline some of the issues that need to be addressed at global level.

Question 6.

- (a) For domestic contracts which are (i) neither centrally-cleared nor centrally-executed, and (ii) where both counterparties are subject to reporting obligations, MAS seeks views on the hierarchy set out in paragraph 2.16**

We support the CPMI-IOSCO Waterfall logic for both domestic and cross jurisdictional trades. However, with the approach proposed, the rules differ for domestic and cross jurisdictional trades; the preference is to align the rules.

We reiterate our response to Question 1 and the feedback from our members' for a model in which bilateral agreement (i.e. between the counterparties to a trade as to which will generate

the UTI) immediately follows generation by centralised infrastructures (e.g. CCPs or clearing brokers, trading platforms, and confirmation platforms).

(b) What are the specific implementation and operational uncertainties or challenges that a reporting entity may face with this approach?

As outlined in our response to Question 2, not all market infrastructures may be subject to derivatives regulation and therefore the UTI generation requirements. For example, in the case of two counterparties trading on a third country platform that has no obligation to provide a UTI, there would be no way to require the infrastructure to generate a UTI in the absence of regulatory pressure. This links to our concern above about the static data that reporting parties will need to maintain. As for the definitions of the different types of infrastructure, there remains uncertainty in some cases, adding another layer of complexity.

In addition, we believe further clarification is required on the implementation for sorting of counterparties identifier, under paragraph 2.16(d), where there are instances of counterparties not having an LEI. The assumption would be that the party that has an LEI will by default need to be the UTI generator. Please confirm if our understanding is correct.

Question 7. For OTC derivatives contracts where (i) no counterparty to the contract has reporting obligations in Singapore or elsewhere and (ii) a reporting entity executes or causes the contract to be executed as an agent of a party to the contract that is traded in or booked in Singapore, MAS seeks views on the proposal for the UTI-generator to be determined by replacing “counterparties” with “agents of parties to the contract” in sub-sections B and C.

Based on our understanding, by fulfilling both (i) and (ii), agents of parties to the contract, effectively acquire the responsibilities of being a UTI generator and are subject to the same rules applied to counterparties who have reporting obligations. Please confirm if our understanding is correct and that this scenario is only relevant to reporting entities who act as agents of parties to the contract.

We further note that such agency agreements are typically agreed between counterparties on an ongoing, i.e. not one-off, basis. Therefore our bilateral agreement recommendations would mean that UTI generation would only need to occur once to govern the ongoing trading relationship.

Question 8. MAS seeks views on the proposals to require reporting entities to make reasonable efforts to provide or obtain a UTI in a timely manner, and for reporting entities to report an interim-UTI where it is unable to obtain the UTI despite having

made reasonable efforts. What are the specific implementation or operational uncertainties or challenges that a reporting entity may face with this proposal?

We support the requirement to make a reasonable effort to provide or obtain a UTI in a timely manner. However, we would request that MAS provide some guidance as to what constitutes “reasonable efforts”.

We have commented elsewhere that UTI generation and communication is ‘largely unproblematic’ where there is electronic execution and confirmation but, for paper confirmations current industry processes for the communication of UTIs are not able to consistently meet a fixed timeline particularly where confirmations are paper based.

While members agree to the proposal to report their own UTI as an interim UTI which would ensure the timely reporting of transactions, we highlight the concerns that have been raised if the UTI data field is not amendable. In such case, reporting entities may need to cancel the transaction report entirely and resubmit it with the new UTI once available. This may not only be a more complicated process than a simple amendment or modification, but also may present complications if the resubmitted report is mistakenly regarded as having been reported late.

In scenarios where an interim-UTI is used, we would request that MAS provides clarification on:

- The expected format and construct for an interim UTI;
- Whether the reporting entity would be required to indicate the use of an interim-UTI and how this should be reflected
- Whether a UTI pairing report highlighting trades that cannot be paired will be introduced and, if so, does MAS propose to introduce a SLA to resolve such pairing breaks?

Question 9. MAS seeks comments on the proposed data fields, definitions and allowable values as set out in the draft revised First Schedule to the SF(RDC)R and the draft Guidelines. Where there are data fields that you consider should be excluded, please elaborate on the rationale.

Fields 1 and 2 – Counterparty Identifier – Regulators in many jurisdictions, e.g. ESMA, CFTC, are mandating the use of LEI for transaction reporting. However, MAS proposes using an alternative identifier, e.g. Swift BIC Code or AVOX ID, which could create unique challenges for multi-jurisdictional reporting. We seek clarification on whether MAS will move to mandate

the reporting of LEI and, if so, in cases where the reporting entity's counterparty has no LEI, whether MAS will adopt a no reporting or no trading approach.

The SF(RDC)R currently permits the masking of counterparty information if regulations of the jurisdictions listed in 5th Schedule prohibit sharing of data or require consent (and consent is not obtained). We seek clarification on whether MAS is planning to amend this relief.

Field 5 – Direction – To avoid misinterpretation we would request MAS to provide clarification on whether Precious Metal forwards are included in the non-exhaustive list of examples.

Fields 5 to 7 – Direction – Further clarification will be needed globally on the leg ordering rules and logic to be applied for each asset class for the Buyer, Seller, Payer, Receiver and Direction (together "Direction") fields. ISDA members had developed a document containing Direction conventions and industry practices for determining party roles across the major asset classes, which was given to CPMI-IOSCO during its CDE consultations. Industry participants believed that making such supplemental information available for the Direction fields would promote consistency in the way they are determined and reported. Since the final CDE Guidance for Direction (#2.131) is more general, ISDA is currently working with its members to publish an industry practice document for publication on the ISDA website, to promote consistent reporting of these fields. A number of products have already been identified which would benefit from such consistency, and there may be implications arising from ISDA's recent publication of the 2021 ISDA Interest Rate Derivatives Definitions.¹³

At this stage, we would recommend that MAS adopt the approach found in EMIR for the interest rate, commodity, credit foreign exchange and equity asset classes, and refer to the response to Question 12 below.

Fields 16 to 20 and 22 to 26 – Various – It is the understanding of our members that there is no requirement to report these fields for Precious Metal forwards/options/exotic options or Credit Default Swap. We would appreciate it if the MAS could (i) confirm our understanding and (ii) clearly define what are the specific Commodities and Credit products which these fields are applicable to, if at all.

Fields 17 and 23 – Identifier of Floating Leg – It is not clear how an ISIN would be applicable in these instances and we would request MAS to provide examples of where an ISIN would be associated with a floating rate.

¹³ <https://www.isda.org/2021/05/01/2021-isda-interest-rate-derivatives-definitions/>

Field 21, 27, 99 to 101 – Various – To avoid any misinterpretation we would request MAS to provide clarification on whether Precious Metal forwards and options are in scope for reporting.

Field 28 – Option Type – We note this is not a CDE field. This will present a problem for FX Options, similar to that which we outline for the Direction of the Trade for other FX products under Question 12 below.

FX Options when exercised are typified by the exchange of two currencies, meaning that each FX Option has both a Put and a Call. If this field is to be retained for FX, further clarification is required from MAS on how to differentiate Call vs Put options for FX Options. In addition, it would need to be accompanied by additional guidance in the form of the FX Cash Rule, which we outline in more detail under Question 12 below.

For option straddles, we would appreciate it if MAS could confirm that they would need to be reported as "OTHR".

Field 30 – First Exercise Date – The data required to be reported in this field is reported elsewhere - for European-style options, the 'first exercise date' would be the same as the Expiration date; for American-style options the first possible exercise date is the unadjusted date included in the execution timestamp; for knock-in options the first exercise date is to be updated when it becomes available. Therefore, we recommend that MAS remove this field and to enhance the definition of reporting field 'Expiration date' and 'Effective date fields' to include the above for avoidance of doubt.

Field 31- Effective Date – We note that there is only one reporting field for 'Effective Date'. For IR products where the effective date of Leg 1 and Leg 2 is not the same we would request guidance from MAS on how to report the different effective dates.

Field 32 – Expiration Date – We note that there is only one reporting field for 'Expiration Date'. For IR products where the expiration date of Leg 1 and Leg 2 is not the same we would request guidance from MAS on how to report the different effective dates. *Field 33 – Swap Link ID* – We support the historic MAS position of reporting FX Swaps as two linked reports. The two legs should be linked by a Package Identifier field which we suggest under Question 10 that MAS should consider adopting from the CDE Guidance in place of the proposed Field 33 Swap Link ID. This would allow alignment in the reporting of 'Package Identifier' - which is a requirement of the CFTC, and currently also proposed by ASIC and ESMA.

Field 38 – Cleared – Given MAS reporting timeline is T+2, we request clarification on when this field should be populated under the requirement to identify when there is an "Intention

to Clear”. If the requirement is to report for trades that could be cleared after T+2 this would be extremely difficult to determine at the time of reporting. Consequently, we do not support the requirement to report the intention to clear. In addition, we highlight that the recent ASIC consultation, CP 334 “Proposed changes to simplify the ASIC Derivative Transaction Rules (Reporting): First consultation”, did not include a requirement to report the intention to clear.

Field 42 – Platform Identifier – We question the requirement to identify whether transactions execution outside of a trading facility is listed or is a contract in instruments that are not listed in any venue. This would require maintenance of significant amounts of data which would need to be constantly updated in real-time. Given the risk of misreporting we recommend that this reporting requirement is limited to only if a transaction is execution on a platform.*Field 43 – Reporting obligation of specified person* – Members have questioned the requirement to report the jurisdiction(s), other than Singapore, to which the specified person has a reporting obligation and what constitutes “jurisdiction(s), other than Singapore. This data is not held within the trade record and would require specific development to create logic to determine where there are other reporting obligations. In addition, the reporting obligations to other jurisdictions may change during the life of a trade, e.g. for the CFTC if the status of a client changes from non-US- to US-person. It is unclear as to the benefit of this field as the requirement would only be applicable to trades reported in Singapore.

Field 46 – Confirmed – We note that a number of other regulators, such as CFTC and ASIC, are removing confirmation fields from their rule sets as part of their rule revisions. We would encourage the APAC regulators to work together to harmonise their proposed rule sets as closely as possible.

Field 54 – Valuation Amount – ISDA and its members are concerned that different regulators may be adopting different approaches to reporting Valuation Amount. The European Markets Infrastructure Regulation (EMIR) refit has adopted unadjusted “Mark-to-market valuation of the contract, or mark-to-model valuation as referred to in Article 4 of the [RTS]. The CCP’s valuation to be used for a cleared trade.” ASIC has proposed¹⁴ to adopt the CDE definition “Current value of the outstanding contract. Valuation amount is expressed as the exit cost of the contract or components of the contract, i.e., the price that would be received to sell the contract (in the market in an orderly transaction at the valuation date)”, which is being viewed

¹⁴ <https://asic.gov.au/regulatory-resources/find-a-document/consultation-papers/cp-334-proposed-changes-to-simplify-the-asic-derivative-transaction-rules-reporting-first-consultation/>

as an adjusted Valuation Amount. The CFTC P43/P45 Technical Specifications points to the CDE definition.¹⁵

ISDA has raised this issue to the Regulatory Oversight Committee (ROC) as the International Governance Body (IGB) for the globally harmonised identifiers.¹⁶ As more jurisdictions go live with new or amended trade reporting rules, fragmented approaches to valuation data requirements will result in inconsistencies in reporting from jurisdiction to jurisdiction. The ability to effectively aggregate the related data for regulatory analysis will therefore be constrained. The industry will be compelled to build differently depending on each jurisdictional mandate. For market participants, the challenges of valuations reporting are exacerbated since the information to derive a valuation amount does not come from a single system or source – rather, data needs to be pulled from multiple different sources via several different systems by an institution in order to calculate the valuation amount.

The ROC as IGB was allocated several CDE global governance functions designed to facilitate/promote a harmonized approach to trade reporting from jurisdiction to jurisdiction in order to reduce risk management challenges, enhance data quality, improve the ability of authorities to effectively analyse aggregated trade data, and meet the objectives of the G-20. A few examples of governance functions allocated to the IGB include “Monitoring the implementation of the CDE Technical Guidance at the global level and identifying implementation issues that may hinder a harmonised approach to OTC derivatives data reporting” and “Recommending how the CDE Technical Guidance should be implemented by Authorities, including possible levels of coordination.”

We therefore strongly encourage MAS to work with the ROC as IGB to resolve (or initiate the governance process to resolve) valuation data reporting (including for Valuation Amount) at the global level with its members, who include regulators who have adopted, as well as regulators who plan to adopt, requirements for Valuation data reporting, to help achieve consistent reporting by the industry in line with the objectives of the global OTC harmonization effort.

Field 56 – Valuation Method – We would request MAS to provide clarification on whether the use of field value "C" (Central counterparty's valuation) requires reporting entities to report the CCP's valuation for cleared trades rather than its own valuation. We would highlight that

¹⁵ The CFTC §45.1 definition of “Valuation data” also refers to “the data elements necessary to report information about the daily mark...”; https://www.cftc.gov/sites/default/files/2020/11/2020-21569a.pdf?utm_source=govdelivery

¹⁶ [https://www.isda.org/a/i0DgE/ISDA-Response ROC-CDE-consultation 26May2021_Final.pdf](https://www.isda.org/a/i0DgE/ISDA-Response%20ROC-CDE-consultation%2026May2021_Final.pdf)

such a requirement would introduce added complexity to a reporting party's system architecture while not enhancing the reporting transparency.

Fields 58 to 76 – Collateral and Margin – We note that these fields do not form part of the current Singaporean reporting requirements, and that global discussions on the requirements and rules for the Collateral and Margin fields in the CDE are continuing. At this time, we would suggest that MAS keep these issues under review.

Field 59 – Collateral Portfolio Code – In cases where contracts are margined together, there are instances where some contracts within the netting set will have applicable initial margin and others will not. However, all contracts within the set also share the same Variation Margin collateral. This is due to the different phase-in timings for Variation and Initial Margin and as contracts mature, this will become less and less common. MAS is requested to provide further guidance on what firms should report in such circumstances.

Some regulators such as CFTC have chosen to add a collateral portfolio code for initial margin as well as variation margin.

Fields 72 to 75 – Excess collateral – The description states of the data field should be populated with the “Monetary value of any additional collateral posted by “Counterparty 1” which is separate and independent from initial and variation margin, where applicable”. The explanatory notes state that “any initial or variation margin amount posted that exceeds the required initial margin or required variation margin, is reported as part of the initial margin posted or variation margin posted respectively rather than included as excess collateral posted”.

We request MAS to provide clearer a example of excess collateral as it would appear not to be excess initial or variation margin.

Field 77 - Notional Amount – The field value for notional amount is expressly stated to be any value greater than or equal to zero which is consistent with the CDE guidance. However, the current DTCC validation rules allow for negative notional amounts for Commodities and that these were specifically changed in Q3 2020 following feedback from industry and further clarification by DTCC with MAS. We request MAS to provide clarity on the use of negative amounts.

Fields 81 and 83 – Total Notional Quantity of the Contract and Notional Quantity of the Contract – We would request that MAS provide further definition on the difference between these two fields.

Fields 84 and 85 – Quantity frequency of the contract or Leg 1 – These data are not held in the trade record and would need to be derived from the start and end date and are likely to vary based on the business day calculation. In addition, it will be extremely difficult to determine these values for contracts where the frequency is less than one day which is likely to give rise to incorrect reporting. For ‘on demand’ contracts it is not possible to determine and report these values.

Fields 86 to 88 – Notional Quantity – For trades where notional or quantities vary during the life of a trade, it is not clear if it is possible to report multiple values or schedules of quantity in the CDE fields listed. ASIC, in its recent consultation CP 334 “Proposed changes to simplify the ASIC Derivative Transaction Rules (Reporting): First consultation”, suggested the reporting of varying notional or quantities during the life of the trade. Given the complexity of reporting these values, we seek confirmation from MAS that the requirement is to report the current live notional value for such step notional trades and that these fields are updated throughout the life of the trade.

Field 91 to 94 – Call/Put Currency and Amount – We would request MAS to provide clarification on whether there is a requirement to report both the Notional amount for Leg 1 and 2 simultaneously with the Call/Put amount for a trade. For FX options this would represent a duplication and as such we recommend that there only be a requirement to report either the call/put amount or the notional amount for Leg 1 and 2.

Fields 95 to 98 – Price – To avoid any misinterpretation we would request MAS to provide clarification on whether Precious Metal forwards are in scope for reporting.

Fields 105 to 107 – Strike Price Dates – We would request MAS to provide clarification on whether these fields are applicable for complex exotics where there are multiple legs with a different strike price for each leg, and what values are required to be reported.

Fields 108 and 109 – Option Premium Amount and Currency – Where an option has a zero premium a reporting entity will submit the premium amount as zero, but there is often ambiguity around the currency that should be reported. We recommend that where the Option Premium Amount is reported as zero, there is no requirement to report the Premium Currency.

Field 111 – Forward Exchange Rate – This data field is not included in the CDE, and is listed as only applicable to FX Swaps, to record the exchange rate of the far leg in cases in which the FX Swap is reported as a single item. We strongly recommend that MAS retain the current reporting of an FX Swap as a pair of two forwards, as per the rationale outlined in the response to Q16 below. As such, we are not supportive of the proposal to include this data field.

Fields 113 to 128 – Floating/fixed rate reset multiplier – The proposed fields split one data element into two data elements by adding the fixed vs floating rate nuances. This increases the number of reporting fields from 8 to a proposed 16. We believe this is not necessary, as the type of leg, i.e. fixed vs floating, is already captured in fields 16, 17, 18, 22, 23 and 24. Furthermore, it will be extremely difficult to populate these fields for trades that have been reported as having an 'Ad Hoc' reset frequency. In order to reduce complexity and additional technology build-out to support these new fields, we strongly suggest that MAS does not add the fixed vs floating rate nuances for fields 113 to 128.

Field 134 – Action Type – Members have raised concern with the reporting this field due to increased complexity. Currently, there are only 3 values applicable for the 'Action Codes', i.e. 'New', 'Modify' and 'Exit'. To systematically determine in the reporting systems if an amend should be 'Modify' or 'Correct', would be technically difficult in a scalable manner and will likely require manual intervention creating inefficiencies and operational risk.

Field 135 – Event Type – We are not supportive of the proposal to introduce this new reporting field due to the following reasons:

- a) We note that this field is not part of the CDE technical paper;
- b) This field is very similar to existing field "Last Action Type". Therefore, we recommend retaining the last Action Type field rather than introducing this new "Event Type" field; and
- c) The proposed four-letter reporting convention is not captured in the CDE technical paper. If MAS agrees to maintain the Last Action Type field, we recommend that this Event Type field is removed.

We would highlight that Event Types “Partial Termination” and “Backload” have not been included.

Question 10. Are there other data fields that MAS should consider including? If so, please suggest these additional data fields along with the definition and the purpose of the suggested fields.

We suggest that MAS should include CDE field 2.89 Package Identifier, instead of its current proposal for Field 33 Swap Link ID. As outlined under Question 16 below, we support the historic MAS view of reporting FX Swaps as two contracts. We consider the legs of FX Swap transactions to constitute a package under the CDE definition. Therefore, there should be no need to implement a separate field specifically for FX Swap Link IDs. The adoption of the Package Identifier field would fit with MAS' view as expressed in its Frequently Asked Questions document from May 2020 that *“It is important that both legs of the contract are reported to the trade repository in a manner that allows MAS to identify that the reported contracts form a single swap*

contract”. It would also align with the adoption of the Package Identifier by the CFTC¹⁷ and as proposed by ASIC¹⁸ and ESMA¹⁹.

We would also propose that MAS to include the following CDE fields which are included by ASIC in its Consultation Paper CP334:

- *Embedded Option Type* - Represents the type of option or optional provision embedded in a contract.
- *Non-reported term indicator* – Indicator of whether the transaction has one or more additional economic term(s) or provision(s), other than the data elements reported.

These fields would enable reporting parties to report:

- Certain features that otherwise would not be captured via existing product taxonomy aligned reporting templates, and
- Transactions where it would not be appropriate to report them as exotic options, e.g. embedded options, i.e. an IRS with callable feature, or a non-reported term, i.e. cap/floor where the payoff is digital.

Question 11. MAS seeks views on –

- (a) The proposal to require the use of global UPI in reporting the UPI field when the global UPI is implemented;**

We support the adoption of the UPI once the global UPI is implemented.

- (b) The length of transition period that is appropriate for the transition to global UPI; and**

We note that the global UPI is expected to be implemented no later than Q3 of 2022 and that MAS is currently proposing to implement the changes to its reporting rules in Q2 2023. The feedback from members is that an 18-month transition period would be required from the date the global UPI is finalised and implemented in order to be able to develop, test and

¹⁷ https://www.cftc.gov/media/4891/DMO_Part43_45TechnicalSpecification091720/download

¹⁸ <https://asic.gov.au/regulatory-resources/find-a-document/consultation-papers/cp-334-proposed-changes-to-simplify-the-asic-derivative-transaction-rules-reporting-first-consultation/>

¹⁹ <https://www.esma.europa.eu/press-news/esma-news/esma-publishes-draft-technical-standards-under-emir-refit>

implement the required changes to bank reporting systems. In addition, there is a key dependency on Trade Repositories implementing the functionality to support the UPI.

We strongly encourage a coordinated approach to implementation of the global UPI within the APAC region. The readiness of the key regulators within this region should be the driver, similar to the way in which the implementation timing of the UTI “share and pair” requirement has been approached in the region.

(c) The proposed approach to continue requiring reporting of all UPI reference data elements until transition to global UPI.

We support the proposed approach, provided that once the global UPI has been implemented, the reporting of UPI reference data elements is no longer required²⁰.

Question 12. MAS seeks comments on the proposal to report the direction of the trade that the reporting entity is taking (instead of the identifiers of the counterparties for the respective directions of the trade).

We are supportive of the proposal to report the direction of the trade that the reporting entity is taking instead of the identifiers of the counterparties for the respective directions of the trade. The latter approach would require developing complex mapping and data manipulation.

In addition, we appreciate that MAS has called out the direction of the trade as requiring further clarification. Members are supportive of the proposal to adopt the buyer/seller convention. However, as noted in our response to Question 9, further work is currently underway within the industry to arrive at a comprehensive approach to determining how the Direction fields should be populated for each asset class and product type.

However, for FX there is a key issue with the way that the direction of the trade has been set out in the CDE Technical Guidance. FX products such as FX Forwards are typified by the exchange of two currencies meaning that each party is both a payer and receiver.

²⁰ See also: ASIC CP 334 Para 170 “We envisage that the long-term position under the ASIC Rules would be that the ASIC Rules data element set would not duplicate information that is embedded in the UPI. We currently propose to make final ASIC Rules in Q3–Q4 of 2021 and we anticipate that the operationalisation of the UPI system will be significantly advanced by that time” <https://asic.gov.au/regulatory-resources/find-a-document/consultation-papers/cp-334-proposed-changes-to-simplify-the-asic-derivative-transaction-rules-reporting-first-consultation/>

For instance, in a typical USD-SGD FX Forward, one counterparty will be selling (paying) USD and buying (receiving) SGD and the other counterparty to the trade will be buying (receiving) USD and selling (paying) SGD.

MAS is asked to note that we have previously escalated this concern that the payer/receiver concept does not work for some FX transactions (such as FX Forwards and NDFs) to the CPMI group responsible for the CDE. For FX, we strongly recommend that the CDE field is therefore complemented by the FX Cash Rule to ensure that it is clear who the payer is and who the receiver is for the purposes of the report.

The FX Cash Rule is an industry convention which states that the payer (or seller, or short position) would be determined by the party that is selling risk in the currency which is first when sorted alphabetically by ISO code. For example, in a USD-SGD FX forward trade, it would be each party's position relevant to the SGD that will determine the payer (sell) or receiver (buy) position.

Given that the CDE were designed to support a single, globally consistent reporting standard, we urge MAS to take this into account and consider implementing the FX Cash Rule as a tool for determining the direction of a trade. We have also recommended this approach in other jurisdictions to promote harmonisation²¹.

Question 13. MAS seeks comments on –

- (a) the proposal to not require the reporting of data fields relating to Collateral & Margin where the reporting entity is not a counterparty to the OTC derivatives contract, and not to extend the proposal to fund/REIT managers where the OTC derivatives contract is executed for the fund/REIT that a fund/REIT manager manages;**

Our members support the proposal that reporting entities that are not a counterparty to the contract should not have to report data relating to Collateral and Margin.

However, we recommend that the proposal is extended to fund managers where the OTC derivatives contract is executed for a fund that is either directly or indirectly managed by the fund manager. The reporting of such data is operationally and technologically complex and will not provide regulators with an ability to identify systemic risk .

²¹ For instance <https://www.gfma.org/wp-content/uploads/2021/03/isda-afma-gfxd-response-asic-cp-334-20210315.pdf>

We also refer to our response to Question 9.

(b) draft regulation 10AA of the SF(RDC)R to effect the proposal in (a).

No comment.

Question 14. Are there other data fields that reporting entities, which are not a counterparty to the OTC derivatives contract, would face challenges in reporting? Please elaborate on these data fields and the challenges.

No Comment.

Question 15. MAS seeks comments on the proposal to (a) require the reporting of Custom Basket fields (50 to 53), and (b) defer reporting of all Custom Basket fields until international standards on global UPI and the “Basket constituent unit of measure” values are both finalised.

We would support proposal (b) to defer the reporting of custom basket fields until the global implementation of the UPI, given their typically low volumes and the large amount of potentially duplicative work that would be required to implement them prior.

However, the UPI code and associated UPI reference data elements should only include generic information about the characteristics of the underlier and note that these concerns were expressed in the CPMI/IOSCO "UPI Technical Guidance"- which was published by on 28 September 2017, as technical guidance to regulators.

According to the views captured in the UPI Technical Guidance, the custom basket related data elements will be taken up at a later stage after the implementation of Phase 1. Therefore, we recommend MAS requires the reporting of Custom Basket data fields at a much later stage once industry feedback as captured in the "UPI Technical Guidance" has been taken into account.

Question 16. MAS seeks comments on the pros and cons and the potential challenges that a reporting entity may face if MAS requires foreign exchange swaps to be reported as a single contract.

We support the historic MAS position of reporting FX Swaps as two linked reports. The two legs should be linked by a Package Identifier field, which we suggest under Question 10 above that MAS should consider adopting from the CDE Guidance in place of the proposed Field 33 Swap Link ID.

Confirmation: There exists no functionality in SWIFT messaging, one of the most common and highly automated confirmation methods, for the confirmation of FX Swaps as a single contract. Therefore FX Swaps which are treated as a single item would require a bespoke, manual confirmation, a slower process requiring manual input and therefore a presenting higher level of operational risk. The high volume and speed of trading in the FX market mean that the efficiency of risk reduction processes such as trade confirmation are extremely important for market participants. This should be taken into consideration as one of the wider impacts of requiring a single report for FX Swaps.

Settlement: the two legs of a FX Swap have different settlement dates. There may be a significant period of time between the settlement of the two legs. This means that, where a FX Swap has been reported as a single item, the report will remain open until the settlement of the far leg, even although the near leg has already settled. By contrast, where a FX Swap has been reported as two contracts, the report for the near leg will close independently, providing a more accurate picture to MAS of open trades.

Compression and novation: if a FX Swap has to be reported as a single contract, this will cause issues for future reporting of any trades resulting from compression or novation of the far leg after the near leg has settled.

Cross-border harmonisation: it is important in a cross-border market such as FX to maintain global consistency of approach.

Question 17. MAS seeks comments on the proposed implementation timeline.

We note the current intention of MAS to finalise the reportable data fields in the First Schedule to the SF(RDC)R and the UTI Guidelines by Q2 2022 and implement the revised requirements in Q2 2023. We would recommend a 24-month timeframe between finalisation of the reportable data fields and UTI Guidelines and the implementation of the revised requirements.

However, we are also acutely aware of the benefits of a coordinated global approach to adoption of these new reporting standards and we acknowledge that there is still a significant element of uncertainty as to the implementation dates of other major jurisdictions. In line with our feedback on UPI implementation under Question 11b above, we strongly encourage a coordinated approach, particularly within the key APAC jurisdictions.

Additionally, aligning implementation dates will reduce the error rate for UTI pairing and sharing.

We would also request MAS to consider offering a soft go live date for the new Rules, similar to that which has been provided in the past, to enable reporting entities the opportunity to report in a live test environment and address any issues before the official commencement date.

Question 18. MAS seeks feedback on –

- (a) The proposed approach of requiring re-reporting of existing contracts with maturity of at least one year as at the effective date of the revised First Schedule of the SF(RDC)R, and providing a 6-month transition period for these Reportable Existing Contracts to be re-reported;**

Feedback from members highlights that introducing a retrospective reporting requirement would introduce significant operational challenges, given it would require enriching new fields that may not have been reported or even captured within internal systems originally. There is strong concern over the time and cost which would be required to implement the necessary changes that would be required to scrape historical data, as well as to monitor and manage exceptions and rejections that may arise.

Members have spent considerable resources and funds in implementing Singaporean reporting requirements on a staggered basis across both asset classes and entity types over a number of years, and we not believe that data analysis capability benefits would, at this point, outweigh the imposition of retrospective goldplating requirements for a large number of fields across a large volume of trades. Therefore, the recommendation is to only apply the updated reporting schema to new trades.

However, where amendments are made to legacy trades these should be made under the new schema. To maintain two schemas for the same reporting requirement would create significant operational challenges.

- (b) Whether there are particular fields which a reporting entity may face significant challenges in reporting for Reportable Existing Contracts. If so, please elaborate on these data fields and the challenges.**

See response to Q18(a).

Question 19. MAS seeks feedback on the potential adoption of the ISO 20022 XML message format for OTC derivatives reporting to the trade repository, and the amount of time that the industry will need to support the use of the standard.

As noted in our responses to consultations in other major jurisdictions²², we agree that MAS should consider the benefits of a transition to ISO 20022 message scheme. Since the CDE data elements are to be included in the ISO 20022 data dictionary, this would reduce the mapping required by market participants and third parties during the reporting process.

In terms of the time needed to support the standard, Member feedback indicates that at least 24 months between MAS finalising its reporting standards and the implementation of ISO 20022 would be appropriate. This would also support the transition by local counterparties, who may not have experience of using this message format in other jurisdictions.

We also suggest that this should be done in collaboration with other global regulators, as part of the coordinated adoption of CDE data elements. For instance, amongst OTC derivatives, FX is a particularly global market, with 56% of transactions occurring cross border (according to the BIS Triennial FX Survey), meaning that the same trade is often reportable in multiple jurisdictions. It would be very judicious for key jurisdictions that intend to adopt ISO 20022 to coordinate their implementation timelines. This would reduce the operational complexity for global market participants and the risk to data quality from mapping different message schemes in the interim. Furthermore, there is significant benefit in aligning the ISO20022 implementation with as many of the OTC derivative Transaction Reporting rule rewrites as possible so as to minimise implementation effort across jurisdictions. There should be sufficient time to implement ISO20022 for all rewrites.

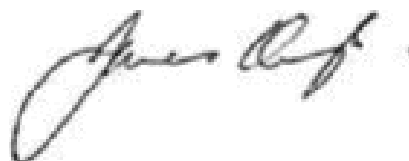
Question 20. If MAS were to adopt the ISO 20022 XML message format for OTC derivatives reporting to the trade repository, would it be preferred that this is implemented (a) at the same time as the implementation of the revised First Schedule to the SF(RDC)R which is targeted for Q2 2023, or (b) after the implementation of the revised First Schedule to the SF(RDC)R (i.e. two-phase implementation)? Please provide reasons for your preference.

We refer to our answer to Question 19 above, where Member feedback indicates at least 24 months between MAS finalising its reporting standards and the implementation of ISO 20022, but note also the importance of cross-border coordination. These should be the driving elements in the decision regarding an implementation date for the change. While there would be a benefit to being able to implement ISO 20022 at the same time as the revised First Schedule to the SF(RDC)R, this should not be targeted at the expense of a suitable coordinated lead-in time. Therefore, we support option (b).

²² For example: <https://www.gfma.org/wp-content/uploads/2020/05/20200520-part-43-and-45-gfxd-response-as-submitted.pdf>

We appreciate you giving us the opportunity to share our views. Please do not hesitate to contact John Ball on jball@ap.gfma.org or Rishi Kapoor at rkapoor@isda.org, should you wish to discuss the above.

Yours sincerely,

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James Kemp
Managing Director
Global Foreign Exchange Division, GFMA

A handwritten signature in black ink, appearing to read "Rishi Kapoor". The signature is more stylized and angular than the one above, with a long horizontal stroke at the end.

Rishi Kapoor
Senior Adviser, Public Policy
ISDA