



Chicago Mercantile Exchange Inc. (CME)  
Response to Proposed Amendments to  
CSA Multilateral Instrument 96-101;  
Proposed Changes to Companion Policy  
96-101CP; Proposed Amendments to OSC  
Rule 91-507; and Proposed Changes to  
OSC Companion Policies 91-507CP and  
91-506CP

7 October 2022

Alberta Securities Commission  
British Columbia Securities Commission  
Financial and Consumer Services Commission (New Brunswick)  
Financial and Consumer Affairs Authority of Saskatchewan  
Nova Scotia Securities Commission  
Nunavut Securities Office  
Office of the Superintendent of Securities, Newfoundland and Labrador  
Office of the Superintendent of Securities, Northwest Territories  
Office of the Yukon Superintendent of Securities  
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island

c/o

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**Re: CSA Multilateral Notice and Request for Comment – Proposed Amendments to Multilateral Instrument 96-101 *Trade Repositories and Derivatives Data Reporting* and Proposed Changes to Companion Policy 96-101 *Trade Repositories and Derivatives Data Reporting*; OSC Notice and Request for Comment – Proposed Amendments to OSC Rule 91-507 *Trade Repositories and Derivatives Data Reporting*, Proposed Changes to OSC Companion Policies 91-506CP and 91-507CP.**

Dear Sirs/Mesdames:

CME Group Inc. (“CME Group”)<sup>1</sup> appreciates the opportunity to provide comments on the Canadian Securities Administrators’ Proposed Amendments to Multilateral Instrument 96-101

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<sup>1</sup> As a leading and diverse derivatives market operator, CME Group enables clients to trade in futures, cash and over-the-counter markets, optimize portfolios, and analyze data – empowering market participants worldwide to efficiently manage risk and capture opportunities. CME Group’s exchanges offer

*Trade Repositories and Derivatives Data Reporting* and Proposed Changes to Companion Policy 96-101 *Trade Repositories and Derivatives Data Reporting* (collectively “CSA Instrument 96-101”) and the Ontario Securities Commission’s (“OSC”) Proposed Amendments to OSC Rule 91-507 *Trade Repositories and Derivatives Data Reporting* (“OSC Rule 91-507”) and Proposed Changes to OSC Companion Policies 91-507CP and 91-506CP (collectively, “OSC Rule 91-507”) (together, the “Proposed Amendments”).

CME Group is the parent of Chicago Mercantile Exchange Inc. (“CME”). CME is registered with the U.S. Commodity Futures Trading Commission (“CFTC”) as a derivatives clearing organization (“DCO”) and is one of the largest central counterparty clearing (“CCP”) services in the world. CME’s clearing house division (“CME Clearing”) offers clearing and settlement services for listed futures and options on futures contracts, as well as over-the-counter derivatives transactions, including interest rate swaps (“IRS”) products. On July 18, 2012, the Financial Stability Oversight Council designated CME as a systemically important financial market utility (“SIFMU”) under Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”). As a SIFMU, CME is also a systemically important DCO (“SIDCO”), subject to the CFTC’s Part 39 subpart C Regulations. CME is exempt from the requirement to be recognized as a clearing agency in Ontario under Section 147 of the *Securities Act* (Ontario), in Quebec under Section 86 of the *Derivatives Act* (Quebec) and in Alberta under Section 67 of the *Securities Act* (Alberta).

CME operates a CFTC-registered swap data repository (“CME SDR”) that provides centralized recordkeeping for swaps and the public dissemination of swap transaction and pricing data in the interest rates, credit, foreign exchange, equity and other commodity asset classes. CME’s Canadian Trade Repository (“CME CTR”) is a designated trade repository under Section 21.2.2(1) of the *Securities Act* (Ontario) and serves all thirteen Canadian provinces.

CME Group is the ultimate parent of NEX SEF Limited (“NEX SEF”). NEX SEF is registered with the CFTC as a swap execution facility (“SEF”) and is regulated by the UK Financial Conduct Authority (“FCA”) as a Multilateral Trading Facility (“MTF”). NEX SEF is therefore subject to dual regulation by the CFTC and the FCA. NEX SEF lists for trading certain swaps, such as foreign-exchange non-deliverable forwards (“NDFs”), foreign exchange options and IRS. IRS are executed on the NEX SEF platform as part of RESET’s post-trade risk mitigation services. NEX SEF is exempt from the requirement to be recognized as an exchange under Section 21(1) of the *Securities Act* (Ontario).

The Proposed Amendments would impact CME Group’s trade repository, clearing and swap execution functions. We appreciate the efforts of the CSA and OSC over the years to engage with market participants to improve the efficiency of swap data reporting requirements and harmonize their requirements with those of other international regulators. The comments below

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the widest range of global benchmark products across all major asset classes based on interest rates, equity indexes, foreign exchange, energy, agricultural products, and metals. CME Group offers futures trading through the CME Globex platform, fixed income trading via BrokerTec, foreign exchange trading on the EBS platform, and central counterparty clearing services at CME Clearing, a division of CME.

set forth CME Group's perspective on how the Proposed Amendments may impact its trading, clearing and reporting functions and offer suggestions to enhance regulatory harmonization, streamline requirements and reduce regulatory burdens for reporting counterparties.

### ***Notification Requirements for Errors or Omissions***

As proposed, Sections 26.1(2) and (3)<sup>2</sup> would require a reporting counterparty to report errors or omissions to the repository or regulator, as appropriate, "as soon as technologically practicable after discovery of the error or omission and, in any event, no later than the end of the business day following the day of discovery of the error or omission" (the "Canadian E&O Reporting Deadline"). CME believes this timeframe is insufficient to allow time for thorough investigation and could cause further unintended failures as a result. For example, under the CFTC's trade reporting framework CME may receive amended trade details up to several days after an unsuccessful initial attempt at alpha termination. Reporting terminations of local counterparty trades on a T+1 basis could lead to an excessive number of errors that would otherwise be resolved during a longer remediation window. In addition, we note that CFTC regulations establish longer timeframes for remediating similar errors and omissions<sup>3</sup> and both the CSA and OSC proposals state their intent to broadly align data accuracy verification requirements with the CFTC's.<sup>4</sup> CME would welcome further alignment of the Proposed Amendments with the CFTC's verification timeframes to streamline reporting operations and reduce regulatory burdens for U.S. clearing agencies that offer services to local counterparties.

As proposed, Section 26.1(3) would also require local counterparties to notify reporting counterparties of errors or omissions with respect to derivatives data as soon as technologically practicable after discovery. CME supports this provision for the simple fact that its ability to meet reporting obligations as a clearing agency is highly dependent on receiving complete and accurate data from the local counterparties. The provision of incomplete or inaccurate data may result in the accumulation of incorrect trade reports, including erroneously open original (or "alpha") swap records, which both reduces the benefits of trade reporting and imposes an undue remediation burden on the reporting counterparty. As such, CME encourages the CSA and OSC to further clarify that inconsistencies between the data submitted to clearing agencies and trade repositories with respect to alpha swaps, which in turn may lead to the accumulation of incorrect trade reports, are also subject to correction in accordance with Section 26 of the Proposed Amendments.

As proposed, Section 26.1(4) would require CME to notify the relevant regulator(s) of a significant error or omission as soon as practicable upon discovery. CME respectfully encourages that the CSA and OSC to adopt a view that if the error or omission has been rectified within the Canadian E&O Reporting Deadline, the reporting counterparty does not need

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<sup>2</sup> Except as otherwise noted the section numbers in this letter refer to both CSA Instrument 96-101 and OSC Rule 91-507.

<sup>3</sup> See CFTC Regulations 43.3(e)(1)(i); 45.14(a)(1)(i) (each allowing up to seven business days after discovery to correct errors).

<sup>4</sup> See CSA Instrument 96-101, fn. 5; OSC Rule 91-507, fn. 12.

to make a notification regarding such error or omission. CME believes this approach could significantly reduce the number of unnecessary notifications on corrected reporting data and allow better focus on remaining notifications.

### ***Counterparty Consent for Reporting***

As proposed, Section 26(8) would require a recognized or exempt clearing agency to report derivatives data to the designated trade repository specified by the local counterparty to the cleared swap transaction. The reporting clearing agency would also be prohibited from sending data to another trade repository without the local counterparty's consent. Our understanding is that these provisions apply to both original and clearing swaps, and would include creation data, lifecycle data as well as valuation, collateral and margin data.<sup>5</sup>

The Proposed Amendments depart from the CFTC's regime in a potentially significant way. The CFTC permits the counterparties to an original swap to report data to an SDR of their choosing while allowing the DCO that is a reporting counterparty to determine where to report required swap creation data and continuation data, inclusive of valuations, for clearing swaps.<sup>6</sup> As a matter of course, once a swap is accepted for clearing, CME Clearing reports creation and continuation data for the two resulting swaps and related cleared swap positions to CME SDR. Pursuant to CME Rule 1001, upon request of CME Clearing's counterparty to a resulting swap, CME Clearing would send a report of the same data it reported to CME's SDR to an SDR chosen by the counterparty.

As we understand the Proposed Amendments, CME's local counterparties on cleared swaps would determine where the data for both original and clearing swap transactions will be reported. This approach raises operational complexity and regulatory harmonization considerations. With regard to complexity, CME Clearing would have to develop technological capabilities to submit full trade records, as well as valuation, collateral and margin data as proposed, to each potential trade repository that could accept local counterparty swap data. These capabilities would require significant effort and development work. With regard to regulatory harmonization, the proposed approach would not be consistent with the approach adopted under other single-sided reporting regulatory frameworks such as the CFTC's. As the CSA and OSC indicate in their respective requests for comment, a key purpose of the Proposed Amendments is to promote global harmonization of data reporting standards in order to reduce regulatory burdens and enable participants to take a more consistent approach to compliance. In light of the considerations above, we respectfully encourage the CSA and OSC to permit recognized or exempt clearing agencies to choose the designated trade repository to receive

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<sup>5</sup> See Section 26(4) of CSA Instrument 96-101; Section 26(7) of OSC Rule 91-507; Section 33(1) of CSA Companion Policy 96-101CP and Section 33 of OSC Companion Policy 91-507CP.

<sup>6</sup> See CFTC Regulation 45.3(f) (noting that "[t]he entity with the obligation to choose the swap data repository to which all required swap creation data for the swap is reported shall be the entity that is required to make the first report of all data pursuant to this section" and that for swap not executed on or pursuant to the rules of a SEF or DCM, the reporting counterparty, as determined in in § 45.8, shall choose the swap data repository); CFTC Regulation 45.8(i) (noting that "the derivatives clearing organization that is a counterparty to such swap shall be the reporting counterparty").

creation data for and lifecycle data as well as any required valuation, collateral and margin data for cleared swaps. This approach would align cost-benefits by enabling clearing agencies to better manage the costs associated with their reporting obligations. It would also be more consistent with the CFTC's regulatory framework for swap data reporting.

Alternatively, if these Proposed Amendments are adopted as-is, CME Clearing asks the CSA and OSC to confirm that a clearing agency could satisfy the consent requirement through rulemaking, as opposed to obtaining client-level consent in advance from each local market participant that may submit trades for clearing. This interpretation would be especially helpful for U.S. DCOs that do not have direct contractual relationships with end clients.

### ***Timing and Reporting Requirements for Alpha Terminations***

As proposed, Section 32(3) would require recognized and exempt clearing agencies to report termination of the alpha swap record to a designated trade repository by the end of the business day on which the original transaction is terminated (i.e., trade termination date, or "T"). CME notes two issues with this approach. First, the reporting timeline is shorter than in other jurisdictions, which both reduces the amount of time to address issues and entails additional operational complexity in developing separate reporting solutions to account for the different timelines.<sup>7</sup> Second, we observe that under proposed Sections 31(3) of OSC Rule 91-507 and 31(2) of CSA Instrument 96-101, creation data may be reported as late as the end of the business day following the day on which the data would otherwise be required to be reported ("T+1"). CME believes this approach could cause issues with the sequencing of messages for designated trade repositories, which in turn could compromise data quality. Where an original swap is not reported to a designated trade repository before its termination, we expect the termination would be rejected until the original swap is reported. Resubmission of the rejected trade could entail additional steps, including manual intervention and/or error reporting pursuant to other provisions in the Proposed Amendments. CME Group submits that these outcomes could be avoided by amending 32(3) such that the reporting of alpha terminations always occurs after the reporting of creation data. Alternatively, the CSA and OSC could align the relevant reporting deadlines with the CFTC, where the deadline for submitting creation data for an alpha swap is not earlier than the deadline for submitting its termination.

### ***Position Reporting***

As proposed, Section 32.1 would permit a reporting counterparty to report position-level data rather than life cycle reporting only for certain transactions, namely those that have no fixed expiration date and are in a class of derivatives in which each transaction is fungible. We understand that this exception is narrowly tailored to cover contracts for difference ("CFDs").

CME does not clear CFDs; however, it has long cleared commodity swaps and made position-level data reports to CME SDR for those instruments. Like the CFDs that would be eligible for

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<sup>7</sup> See supra note 3.



position-level reporting under the Proposed Amendments, CME's reported commodity swap positions reflect the aggregate of all fungible instruments for a given account. Unlike the CFDs, CME's commodity swaps have a fixed maturity date that appears to disqualify them from position-level reporting under the Proposed Amendments.

As proposed, this provision would necessitate changes to CME Clearing's longstanding approach for reporting commodity swaps positions. The resulting reports would no longer align with how the transactions are recorded at the DCO-level, which raises additional risk, technological and compliance considerations for CME.

We also believe that adopting this provision as-is would also have unintended consequences for the completeness of swap data available to the CSA and OSC. Because commodity swaps with the same underlying and maturity date are aggregated into a position by account at CME, only the original trade and its top-day termination would be reportable to a designated trade repository and visible to the regulatory authorities. As a result, the positions would each appear to be day trades and the CSA regulators would have an incomplete view of risk.

To avoid the associated operational and risk management impacts to CME Clearing, and to ensure that the regulatory authorities receive useful data, we respectfully request that Section 32.1 be amended to allow for position-level reporting for commodity swaps cleared by CME.

### ***Margin and Collateral Reporting***

As proposed, Section 33(1) would require a reporting clearing agency to report valuation, collateral and margin data to the designated trade repository elected by the local counterparty<sup>8</sup> each business day. The CFTC's Part 45 regulations require CME Clearing to report valuation data to the same SDR to which the clearing swap was reported on a daily basis,<sup>9</sup> so we do not anticipate significant challenges from being required to report daily valuation data to CME CTR. However, requiring CME Clearing to report margin and collateral data to a trade repository would depart from CFTC requirements for DCOs and require significant operational development.

The CFTC's Part 45 regulations only require swap dealers and major swap participants to report margin and collateral data to SDRs.<sup>10</sup> DCOs are not subject to this requirement. When adopting the current Part 45 regulations the CFTC cited to significant burdens for reporting such complex data while noting that it was leaving open the possibility to require DCO reporting of collateral

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<sup>8</sup> See Section 33(1) of CSA Companion Policy 96-101CP and Section 33 of OSC Companion Policy 91-507CP.

<sup>9</sup> See CFTC Regulation 45.10(c).

<sup>10</sup> See CFTC Regulation 45.4(c)(2)(ii) (requiring reports of collateral data, including data elements necessary to report information about the money, securities or other property posted or received to margin, guarantee or secure a swap, only from swap dealers and major swap participants).

and margin data at a future date if necessary.<sup>11</sup> We encourage the CSA and OSC to adopt a similar approach due to the technological and resource challenges for DCOs to develop this capability specifically for Canadian trade reporting purposes.

In addition, we note that Section 33(1) of OSC Rule 91-507 appears to require transaction-level reporting of margin and collateral data, which would be incompatible with CME's current margining practices. Although CME Clearing monitors risk exposures from underlying markets and participants throughout the day, its risk-based margining approach does not involve the calculation of margin requirements or the collection of margin collateral on a transaction-by-transaction basis. At each settlement cycle CME Clearing calculates margin requirements for swaps positions based on the net risk of each cleared swaps portfolio. Collateral is collected to secure against potential losses from the portfolio as a whole, not any specific transaction or group of transactions within the portfolio. To the extent that clearing agencies are required to submit margin and collateral reports under the Proposed Amendments, we encourage the OSC to align its requirements to those of the CSA by removing reference to transaction-level reports in Section 33(1) and facilitate portfolio-level margin and collateral reporting.

### ***Derivative Trading Facility Reporting Obligations***

As proposed, Section 36.1 would require derivatives trading facilities ("DTFs") to report transactions on their platform that involve a local counterparty, are not cleared through a reporting clearing agency, are executed anonymously and intended to be cleared. CME Group understands that other reporting counterparties are responsible for reporting DTF transactions that do not meet these criteria.

First, we note that the proposal differs from the CFTC's regulatory framework for SEF transaction reporting requirements, which do not differentiate between anonymous and disclosed platforms or between swaps that are intended or not intended for clearing. As a result of this potential disparity, SEF workflows would need to be reconfigured to account for disclosed/non-disclosed trading and participants' intent to clear. We encourage the CSA and OSC to align their approach to the CFTC's in order to enhance harmonization and reduce the regulatory burden for SEFs that offer services to Canadian counterparties.

If the Proposed Amendments are instead adopted as-is, we request clarification on the reportability of certain DTF trades.<sup>12</sup> NEX SEF operates an anonymous central limit order book

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<sup>11</sup> See *Final Rule: Swap Data Recordkeeping and Reporting Requirements*, 85 Fed. Reg. 75503, 75514-15 (Nov. 25, 2020).

<sup>12</sup> While the term "Derivatives Trading Facility" is not defined in OSC Rule 91-507, Companion Policy 91-507 CP provides that "A derivatives trading facility means a person or company that constitutes, maintains, or provides a facility or market that brings together buyers and sellers of over-the-counter derivatives, brings together the orders of multiple buyers and multiple sellers, and uses methods under which the orders interact with each other and the buyers and sellers agree to the terms of trades. For example, the following are examples of derivatives trading facilities: a "swap execution facility" as defined in the Commodity Exchange Act 7 U.S.C. §(1a)(50)...."



for execution of swaps; however, it does not know on a pre-trade basis whether NDFs or foreign exchange options are intended for clearing. Accordingly, we expect these trades would not be required to be reported as they fail the “intended to clear” test at the time of execution. In addition, we note that the IRS offered on the NEX SEF platform are pre-arranged crosses that participants execute as a portfolio risk mitigation tool. While these IRS may fulfill the technical criteria for reportable DTF transactions, they are not market forming transactions and do not change the market risk position of participants. Accordingly, CME Group does not believe the latter IRS trades should be required to be reported. CME Group respectfully requests that the CSA and OSC consider these scenarios and provide guidance on whether the transactions described above are required to be reported.

### ***Mandating Data Standards for Derivatives Reporting***

The Proposed Amendments do not appear to indicate whether the CSA and OSC intend to mandate a data standard for submissions to and from a trade repository. If so, an understanding of which standards would apply (e.g., FIXML, FpML, ISO 20022 XML) and their implementation timeline will be critical information for both trade repositories and reporting counterparties. CME Group encourages the CSA and OSC to provide the public with an opportunity to comment on such matters if they are proposed.

### ***Data Field Comments***

Please refer to Exhibit A for CME Group’s detailed comments on Appendix A to CSA Instrument 96-101 and OSC Rule 91-507 (the “Minimum Data Fields”).

### ***Transition Period***

It is our understanding that upon adoption of the Proposed Amendments to OSC Rule 91-507, the OSC is considering allowing reporting entities to submit data in conformity with any one of the following:

- Where data is reportable under the OSC Rule 91-507, and where the same data is required by the CFTC to be reported, market participants may report that data under comparable CFTC data elements rather than under data elements in Appendix A to OSC Rule 91-507 (“Appendix A”).
- Where derivatives data is reportable to the CFTC but is not reportable under OSC Rule 91-507, this data continues not to be reportable (however it may optionally be reported if supported).
- Where derivatives data is reportable under OSC Rule 91-507 but is not reportable to the CFTC, this data continues to be reportable (i.e., the status quo).

While we appreciate the OSC’s desire to mitigate the impact of this transition period by providing flexibility in how the data is reported, we are of the opinion that the benefits of this increased flexibility are outweighed by its costs. As a practical matter, we do not believe that

either option 1 or 2 will provide much relief since what is being considered is not a wholesale adoption of an SDR's Technical Specifications used for CFTC reporting, but rather the utilization of a subset of CFTC data elements in Appendix A data fields. If option 1 or 2 were selected it would require trade repositories and reporting entities alike to modify their existing submission, both during the transition period and again when the final rules are implemented, increasing their total implementation cost.

Additionally, option 1 and 2 have the potential to require the trade repositories to produce/make available, and the OSC to ingest, two sets of reports, since some of the data would be in the existing format and some data in the new format. The same data element could have different formats, values etc. under Appendix A (existing format) and the CFTC's revised Part 43 and 45 Rules (format as of December 5, 2022). For example, a designated trade repository electing option 1 may decide to use the CFTC data element "Cleared" rather than the "Cleared" and "Intend to Clear" fields in Appendix A. For purposes of producing the Open Position report the trade repository would have a discrepancy in how the information was provided pre- and post-implementation of amended CFTC Technical Specifications. This would mean that if a trade repository implemented the field exactly as set forth in Appendix A (i.e., two separate indicator fields) and elected to use the CFTC data element "Cleared", it would either have to manipulate the existing data to convert it from an indicator field (i.e., Y/N or TRUE/FALSE) to "Y", "N" or "I" and populate the resulting value in the "Cleared" field, or produce two different reports.

Should the OSC decide to move ahead with its proposal to allow flexibility during the transition period, CME Group requests that any guidance issued to market participants makes clear that the decision as to which of the election options outlined above rest solely with the trade repositories, and that trade repositories would not be required to support different technical specifications for different participants.

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CME Group appreciates the opportunity to submit feedback on the Proposed Amendments. Please feel free to contact the undersigned via email at [christopher.bowen@cmegroup.com](mailto:christopher.bowen@cmegroup.com) or John McKinlay at [john.mckinlay@cmegroup.com](mailto:john.mckinlay@cmegroup.com) if you have any questions.

Yours sincerely,

Christopher Bowen  
Managing Director, Chief Regulatory Counsel

Exhibit A - CME Group Comments on Appendix A to CSA Instrument 96-101 and OSC Rule 91-507

## EXHIBIT A DATA FIELD COMMENTS

Topic/Data Element Number	Data Element Name	Comments
Representation of Notional Schedule Fields (data element 36/37/38/39/40/41/42)	<ul style="list-style-type: none"> <li>▪ [Notional amount in effect on associated effective date-Leg 1] [Notional amount in effect on associated effective date-Leg 2]</li> <li>▪ [Effective date of the notional quantity-Leg 1] [Effective date of the notional quantity-Leg 2]</li> <li>▪ [End date of the notional quantity - Leg 1] [End date of the notional quantity – Leg 2]</li> <li>▪ [Notional quantity in effect on associated effective date-Leg 1] [Notional quantity in effect on associated effective date-Leg 2]</li> <li>▪ [Notional amount in effect on associated effective date-Leg 1] [Notional amount in effect on associated effective date-Leg 2]</li> <li>▪ [Effective date of the notional amount-Leg 1] [Effective date of the notional amount-Leg 2]</li> <li>▪ [End date of the notional amount - Leg 1] [End date of the notional amount - Leg 2]</li> </ul>	<p>The amount of data (max character length) a trade repository would need to accept for notional schedule fields is not defined. As drafted a trade repository must be able to accept an infinite number of schedules. It is not possible to implement unbounded fields due to database character length constraints. To address this issue, and to do so in a harmonized manner, we suggest mirroring the approach taken by the CFTC. More specifically the CFTC expects the full schedule to be reported but has implemented a 500-character limit. CME Group also suggests limiting the number of repetitions (which we currently set to 10) to ensure the trade repositories do not end up truncating a value.</p> <p>Furthermore, we suggest permitting each trade repository to decide how reporting entities should submit such data (e.g., a single field with a predefined separator for repeated values; repeatable fields) and that the CSA and OSC document, in their respective Derivatives Data Technical Manuals (“Technical Manuals”), the fact that a reporting counterparty must adhere to the implementation procedures established by the trade repository to whom they report.</p>

<p>Handling of Else {blank} Validations (data element 4, 5, 6, 7, 16, 17, 19, 27, 28, etc.)</p>	<ul style="list-style-type: none"> <li>▪ Buyer Identifier</li> <li>▪ Seller Identifier</li> <li>▪ [Payer identifier–Leg 1] [Payer identifier–Leg 2]</li> <li>▪ [Receiver identifier - Leg 1] [Receiver identifier - Leg 2]</li> <li>▪ Unique transaction identifier (UTI)</li> <li>▪ Prior UTI (for one-to-one and one-to-many relations between transactions)</li> <li>▪ Prior USI (for one-to-one and one-to-many relations between transactions)</li> <li>▪ [Call amount-Leg 1] [Call amount-Leg 2]</li> <li>▪ [Call currency-Leg 1] [Call currency-Leg 2]</li> <li>▪ Etc.</li> </ul>	<p>Companion Policy 91-507CP to OSC Rule 91-507 states “<i>Subsection 22.2(2) requires a designated trade repository....to notify a reporting counterparty whether or not the derivatives data satisfies the derivatives data validation procedures, and the designated trade repository will reject derivatives data that has failed to satisfy the derivatives data validation procedures.</i>” CSA Companion Policy 96-101 includes a similar requirement. This would seem to imply that where the validation rules contained in the Technical Manuals include in the condition ‘Else {blank},’ a trade repository would have to reject a submission containing a value when a value is not expected. We believe the decision as to whether to reject a submission which violates the ‘Else {blank}’ condition should be left to each trade repository and further that each trade repository should be able to decide whether to enforce the condition on a field-by-field basis. To that end we suggest adding the following language to the Companion Policies and Technical Manual: “<i>It is possible the data element may be reported for scenarios outside of what is listed in the validations column (for example, a value may be provided where there is an else {blank}).</i>”</p> <p>To provide certainty as to the expected handling, by a trade repository, for each given field which includes an ‘Else {blank}’ condition, the trade repository should document its treatment in relevant specifications.</p>
<p>Use of UPI Instrument Types (i.e., “Option” “Fixed-Fixed”, etc.) as Value to Apply Validations (data element 25, 26, 27, 29, 45, 46, 50, 53, 64, 106,</p>	<ul style="list-style-type: none"> <li>▪ [Notional amount-Leg 1] [Notional amount-Leg 2]</li> <li>▪ [Notional currency-Leg 1] [Notional currency-Leg 2]</li> <li>▪ [Call amount-Leg 1] [Call amount-Leg 2]</li> <li>▪ [Put amount-Leg 1] [Put amount-Leg 2]</li> </ul>	<p>The UPI field (data element 115) includes a note <i>Until the above UPI is available reporting counterparties will continue to report, the product-related data elements unique to each TR</i>”. We inferred from OSC’s comments on the Transition Period and from conversations that UPI</p>

136, 139, 140,	<ul style="list-style-type: none"> <li>▪ [Fixed rate-Leg 1] [Fixed rate-Leg 2]</li> <li>▪ Price</li> <li>▪ [Spread-Leg 1] [Spread-Leg 2]</li> <li>▪ Strike Price</li> <li>▪ Delta</li> <li>▪ Option premium amount</li> <li>▪ First Exercise Date</li> <li>▪ [Fixing date-Leg 1] [Fixing date-Leg 2]</li> <li>▪ [Floating rate reset frequency period-leg 1] [Floating rate reset frequency period-leg 2]</li> </ul>	<p>would be implemented as part of OSC's final rules and not in phases like the CFTC has done. We wanted to confirm that our understanding is accurate given the note referenced above.</p> <p>Assuming our understanding of the approach towards the implementation of UPI is correct and it will be implemented at the same time as the other amendments, without a clear understanding of what a trade repository will need to accept and/or provide for UPI on reports to the regulators (i.e., short name exclusively, all of the UPI attributes that define a given UPI, or something else altogether) it is not possible for us to provide useful feedback.</p>
Handling of Leg Level validations (data elements 6, 7, 25, 26, 27, 28, 29, 30, 31	<ul style="list-style-type: none"> <li>▪ [Payer identifier-Leg 1] [Payer identifier-Leg 2]</li> <li>▪ [Receiver identifier-Leg 1] [Receiver identifier-Leg 2]</li> <li>▪ [Notional amount-Leg 1] [Notional amount-Leg 2]</li> <li>▪ [Notional currency-Leg 1] [Notional currency-Leg 2]</li> <li>▪ [Call amount-Leg 1] [Call amount-Leg 2]</li> <li>▪ [Call currency-Leg 1] [Call currency-Leg 2]</li> <li>▪ [Put amount-Leg 1] [Put amount-Leg 2]</li> <li>▪ [Put currency-Leg 1] [Put currency-Leg 2]</li> <li>▪ [Notional quantity-Leg 1] [Notional quantity-Leg 2]</li> </ul>	<p>As drafted the validations for leg level fields do not differentiate between leg 1 and leg 2. This lack of differentiation could be read to imply that a trade repository should apply the same validation to both legs. However published validation for these fields may need to be altered or not implemented because of the conditionality between leg fields and/or the interdependency with one or more leg level fields (e.g., 'Upfront Payment', 'Price') that have not been accounted for in the Technical Manual.</p> <p>An SDR applying leg level validations equally to both legs would result in unnecessary rejections of valid swaps. For example, the price for swaps in the Commodity asset class can be represented as a 'Price' or 'Fixed rate-Leg 1' or 'Fixed rate-Leg 2'. The validation included in the Technical Manuals for 'Fixed rate-Leg 1' or 'Fixed rate-Leg 2' field<sup>13</sup> do not take this into account. Thus, if we were to implement</p>

<sup>13</sup> C if [Price] or [Spread] is not populated and [Post-priced swap indicator] = 'False', and UPI.[Instrument type] ≠ 'Option', else {blank}

the validation set forth in the Technical Manual there are valid swaps that would be rejected and would never be accepted by an SDR. For this reason, the only way to resolve this issue is to make 'Fixed rate-Leg 1' or 'Fixed rate-Leg 2' field optional in the Technical Manual for the Commodity asset class or allow a trade repository to make the validation optional in their technical specifications. However, this alone will not resolve the matter. Since the price of a Commodity swap can be represented as a 'Price' or 'Fixed rate-Leg 1' or 'Fixed rate-Leg 2' optional does not resolve the issue with the 'Price' field. Thus the 'Price' field will also need to be made optional to provide enough flexibility to be able to handle a variety of legitimate derivative contracts.

It might be possible to identify all such interdependencies and make the necessary change to the Technical Manuals to account for them. However, we believe an easier and more complete means of addressing these interdependencies and leg level conditionality is to permit a trade repository to incorporate other validations for leg-level data elements, should they deem it necessary, as the CFTC has done. To affect this change, we would suggest adding the following language to the Technical Manuals *“Generally speaking the validations included in the Technical Specification for leg-based data elements are meant to apply to the first leg (Leg 1). It should not, however, be presumed the validations apply to the second leg (Leg 2) similarly. This is due in large part to the conditionality between leg fields and in light of the fact that SDR-specific data elements can alter the application of the published validations in ways not contemplated in the Technical Specification. Given this, trade repositories may incorporate other validations for leg-level data elements,*



		<i>should they deem it necessary."</i>
Use of Dummy Value for Certain Notional Amounts	<ul style="list-style-type: none"> <li>▪ [Notional amount- Leg 1] [Notional amount- Leg 2]</li> <li>▪ [Total notional quantity-Leg 1] [Total notional quantity-Leg 2]</li> </ul>	<p>The CFTC has established a dummy value<sup>14</sup> for the listed notional fields to be used when the notional is not available. While we acknowledge that it is unlikely to occur in Canada since public reporting is subject to a much longer delay (i.e., 48-hours after the execution timestamp vs. 'as soon as technologically practicable after execution')) there are some products for which notional amount may not be known for an extended period of time. Thus, allowing for the use of this dummy value would lessen the potential for trades to be rejected in the case of an edge scenario that has not been contemplated.</p>

<sup>14</sup> "99999999999999999999.99999

<p>Guidance on the Reporting of Repeating Fields</p>		<p>We request that the CSA and OSC clearly define how they want repeating fields passed down on the reports the trade repositories send. An understanding of how the CSA and OSC expects this data to be presented will allow the trade repositories to determine how they will require the values be reported to them in order to minimize the amount of manipulation/transformation they need to perform.</p>
<p>Short Messages for Certain Action Types (TERM, PORT and EROR)</p>		<p>We would advocate for allowing trade repositories flexibility to determine whether they wanted to require all fields for Action Types TERM, PORT and EROR, or to allow the reporting entity to provide a limited set of fields.</p> <p>Further we would request that the CSA and OSC advise as to their expectations on what a trade repository would be required to be publicly disseminated for short message. For example, let's say a transaction was publicly disseminated and 72-hours later a message with Action Type = EROR is submitted for that transaction. Let's say for illustrative purposes the EROR message consists of 10 data elements and a complete transaction level report consists of 90 data elements. Could a trade repository limit the public dissemination of the ERROR message to just those 10 data elements submitted, or would it have to disseminate all 90 data elements?</p>

Event Timestamp (data element 93)	<ul style="list-style-type: none"> <li>Event timestamp</li> </ul>	<p>We note the that while the “Values” for this field are defined as “Any valid date/time” the “Format” states “If the time element is not available for the event lifecycle, time may be dropped given that – in the case of representations with reduced accuracy – ISO 8601 allows the complete representation to be omitted, the omission starting from the extreme righthand side (in the order from the least to the most significant)”. Thus, the timestamp could, in the most extreme case, be submitted as a date. Implementing all the validations necessary to ensure the field format conforms to the Technical Manuals would be unduly complex. If the CSA and OSC believe additional flexibility is required, we suggest a dummy time be established that can be used when a time portion of the timestamp is not available.</p>
Appendix 3.5 (Lifecycle Event Reporting) – Housekeeping Item	<ul style="list-style-type: none"> <li>Not Applicable</li> </ul>	<p>We noted the acronym used for Collateral (on the Action Type axis) of the chart is ‘COLU’ but the acronym used in the Action Type field (data element 97) itself is ‘MARU’. We assume the use of ‘COLU’ in the appendix was an oversight and should have been ‘MARU’.</p>
Other payment fields (data Element 128, 129, 130, 131, 132 and 133)	<ul style="list-style-type: none"> <li>Other payment payer</li> <li>Other payment receiver</li> <li>Other payment type</li> <li>Other payment amount</li> <li>Other payment currency</li> <li>Other payment date</li> </ul>	<p>We would like to understand if more than one payment is expected to be submitted. If so, we suggest that the expected treatment of multiple payments be clearly defined (see, e.g., section 1.3.6 of <a href="#">CFTC’s Technical Specification</a>).</p>

Post-Priced Swap Indicator field – Housekeeping Item (data element 45, 50 and 53)	<ul style="list-style-type: none"> <li>Fixed rate [Fixed rate-Leg 1] [Fixed rate-Leg 2].</li> <li>Spread [Spread-Leg 1] [Spread-Leg 2]</li> <li>Strike price</li> </ul>	The validations for the listed fields reference “post-price swap indicator”. However, there is no such field contained in the draft Technical Manual nor is there a reference to post-priced swaps in the proposed amendments. We assume that this was left over from the validations imposed by the CFTC and should be removed.
Meaning of Not Required (NR) Validations (data element 8, 9, 18, 20, 23, 24,59 etc.)	<ul style="list-style-type: none"> <li>Broker ID</li> <li>Country and Province or Territory of Individual (Non-Reporting Counterparty)</li> <li>Subsequent Position UTI</li> <li>Inter-affiliate</li> <li>Master Agreement Type</li> <li>Master Agreement Version</li> <li>Effective Date of the Strike Price</li> <li>Etc.</li> </ul>	There are numerous fields that specify in the “Validations” “NR”. We would want to understand the meaning of NR. Is this meant to signify that the fields will not be required in the final version of the Technical Manuals? Is it meant to signify that no validations will need to be applied to the field? If it is meant to signify no validation needs to be applied to the field do you anticipate this will change in the future (e.g., once ESMA finalizes their validations will the CSA and OSC apply those same validations)?
Data Elements Missing and/or Necessary to Implement Trade Repository Obligations	<ul style="list-style-type: none"> <li>Jurisdiction of Reporting Counterparty (<b>Existing</b>)</li> <li>Jurisdiction of Non-Reporting Counterparty (<b>Existing</b>)</li> <li>Asset Class (<b>Existing – Common Data</b>)</li> <li>Anonymous Execution Indicator</li> <li>Derivatives Trading Facility Indicator</li> <li>Submission Type Indicator (Creation Data/Lifecycle Event Data vs Public Transaction Level Reports)</li> </ul>	<b>Jurisdiction fields</b> - Current Appendix A to CSA Instrument 96-101 and OSC Rule 91-507 has two jurisdiction fields which capture whether the reporting and/or non-reporting counterparty is a “local counterparty” under the derivatives data reporting rules of the relevant provinces. This information is both populated on reports to the regulators as well as used by trade repositories to determine which regulators should be given access to the data. However, these fields have not been included in the draft Technical Manuals. The only jurisdiction field included in the draft Technical Manual is “Country or Province or Territory of individual (non-reporting counterparty)” (data element 9). But the definition of the field states it should only be populated for trades involving a natural person. As noted above this field is used by CME CTR to determine which province/territory has the authority to receive the data. Could you please advise why the field

		<p>has not been included? If this omission was purposeful we would request that you advise how a trade repository will be able to determine whether a provinces/jurisdictions can have access to a given transaction?</p> <p><b>Asset Class field</b> – Current Appendix A to CSA Instrument 96-101 and OSC Rule 91-507 include an asset class field to classify the derivative into one of the 5 major asset classes. CME utilizes this classification to drive submission validations as well as to cut reports sent to the Canadian regulators and clients alike. We assume that the draft intentionally omitted the field and it will be added as part of UPI implementation. However, if this is not the case, we would suggest reconsidering since CME uses the classification to drive submission validations and cut reports.</p> <p><b>Anonymous Execution Indicator field</b> – The addition of new Section 22.1 has been proposed for the purpose of protecting the identity of the other counterparty to a derivative executed anonymously on a derivative trading facility and cleared through a recognized or exempt clearing agency.<sup>15</sup> However, the Technical Manuals do not include a field to identify whether a transaction has been executed anonymously on a derivatives trading facility. Thus, if the intent is for the trade repositories to enforce and/or mask the data they will need to add a field to capture this information (e.g.,</p>
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<sup>15</sup> OSC Rule 91-507, Section 22.1 states that a “trade repository must not disclose the identity or legal entity identifier of a counterparty to another counterparty in respect of a transaction involving a local counterparty that is executed anonymously on a derivatives trading facility and cleared through a recognized or exempt clearing agency.” CSA Instrument 96-101, Section 22.1 states that a “recognized trade repository must not disclose the identity or legal entity identifier of a counterparty to another counterparty in respect of a derivative involving a local counterparty executed anonymously on a facility or platform for trading derivatives and cleared through a reporting clearing agency.”

		<p>AnonymousExecutionIndicator).</p> <p><b>Derivatives Trading Facility</b> – As noted above, new Section 22.1 has been proposed for the purpose of protecting the identity of the other counterparty to a derivative executed anonymously on a derivative trading facility and cleared through a recognized or exempt clearing agency. Thus, our trade repository must be able to identify whether the derivative was executed on a “derivatives trading facility”. It is not clear to us whether we can assume if the “Platform Identifier” field (data element 22) is populated with an ISO 10383 segment MIC code that the trading facility is a “derivative trading platform” as that term is used in your rules. If we cannot, we would request an indicator field be added to definitively identify if the trading facility would be a “derivative trading facility”.</p> <p><b>Submission Type Indicator</b> – Without a means to identify whether the message being sent requires public dissemination a trade repository would have no way to make the determination.</p>
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