



December 15, 2023

## Via Electronic Submission

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## **Re: ASIC Derivative Transaction Rules (Reporting) 2024: Follow-on consultation on changes to data elements and other minor amendments (CP 361a)**

Dear Mr. McBurnie,

DTCC Data Repository Singapore Pte. Ltd. (“DDRS”), a wholly owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”), appreciates the opportunity to respond to the Australian Securities and Investments Commission (“ASIC”) proposed changes to data elements and other minor amendments (“Follow-on Consultation”).<sup>1</sup>

DDRS appreciates ASIC’s significant effort and collaborative approach in developing and implementing its OTC derivatives reporting regime to harmonize with international standards. Following the prior two rounds of comprehensive Consultations, ASIC made the ASIC Derivative Transaction Rules (Reporting) 2024 (2024 Rules) on 19 December 2022. DDRS appreciates ASIC’s continuing efforts to update its 2024 Rules to incorporate the further developments of the international standards and systems that have emerged since the 2024 Rules was made.

We offer the following high-level comments and observations to the Follow-on Consultation. Appendix A to this comment letter contains our targeted responses to the specific questions raised in the Follow-on Consultation.

### **About DDRS**

DDRS is a licensed Australian derivatives trade repository (“TR”), as well as a Singapore licensed TR. DDRS, together with other locally registered DTCC TR subsidiaries, is a part

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<sup>1</sup> ASIC CONSULTATION PAPER 361a: ASIC Derivative Transaction Rules (Reporting) 2024: Follow-on consultation on changes to data elements and other minor amendments (15 November 2023), available at <https://asic.gov.au/regulatory-resources/find-a-document/consultation-papers/cp-361-proposed-changes-to-simplify-the-asic-derivative-transaction-rules-reporting-second-consultation/>. Defined terms used but not defined herein have the meaning set forth in the Follow-on Consultation.



of DTCC's Global Trade Repository service, which provides services for a significant portion of the global over-the-counter ("OTC") derivatives market with operations in North America, including both the U.S. and Canada, Europe and Asia. As part of the only industry-owned and governed global provider of trade reporting services, DDRS is uniquely positioned to identify and help address important operational and regulatory challenges and has been a long-term advocate for globally harmonised reporting requirements.

## **Implementation Timelines**

DDRS and industry are in the middle of designing and developing their systems to meet the requirements of the 2024 Rules which are set to commence on 21 October 2024. While the newly proposed changes in the consultation are not expected to be significant, we would appreciate that ASIC review and grant reasonable amount of lead time to industry to implement the proposed changes. As ASIC rightfully called out, Secondary Transaction Identifier and barrier price related fields are not currently supported by the ISO 20022 message. We are grateful to ASIC's proposed exemption of reporting these data elements until the needed updates are approved by ISO 20022. We would like to further request an appropriate amount of lead time is given to industry after the necessary updates of the ISO 20022 message are approved, to facilitate the industry for sufficient development and testing of their systems.

## **Barrier options**

While we note that ASIC is the first jurisdiction to propose specific data elements for capturing information on barrier option contracts, we are aware that there is similar global attention on barrier options such as the recent industry feedback requested from the LEI ROC CDIDE group. We appreciate ASIC's efforts in working with the international regulatory community and the CDIDE committee, and would like ASIC to consider working closely with these parties to develop global standard and guidance around the reporting of Barrier options including the required data elements.

## **Reporting guidelines**

We thank ASIC for consulting industry on the need to improve clarity on reporting rules and requirements. After two rounds of consultations, the ASIC amended rules and reporting requirements are generally clear and easy to follow without ambiguity.

We strongly recommend that the ASIC consider issuing reporting guidance to explain and illustrate the expected reporting requirements for such transactions and scenarios. These often concerns the transaction level reporting requirements instead of field level definitions, format, and allowed values. For instance, while an FX Swap contract is expected to be reported as two separate transactions, guidance is needed on the reporting of several data elements on the two spot/forward or forward/forward transactions, such as Contract Type and UPI. We have included more examples with details in our response for Question 2 in Appendix A.



We appreciate ASIC's attention to our comments to the Follow-on Consultation. We welcome the opportunity to discuss these comments further with ASIC at its convenience. Please contact me at [pkundamal@dtcc.com](mailto:pkundamal@dtcc.com).

Sincerely,

Priya Kundamal  
CEO  
DTCC Data Repository (Singapore) Pte Ltd



## APPENDIX A

1. Do you agree with these proposals? In your response, please give detailed reasons for your answer

### Feedback:

We have the following additional comments to specific data fields.

- Secondary transaction identifier

We understand that this data element is proposed at the request of industry and provides an additional option to tie trade repository records to internal books and records, we would like to note that a single Unique Transaction Identifier (UTI) is used by other jurisdictions with their rewrite and refit requirements. We encourage industry to adhere to global harmonization and consider leveraging UTI whenever possible in the control and reconciliation process.

That said, if the ASIC concludes to add the data element, we stress that the new data element must be optional and be reported using a new standalone ISO XML XPath, without re-using or modifying or tying to the existing unique transaction identifier XPaths. The new data field must be purely an informational data field, and shall not be expected to be used in trade uniqueness determination and trade linking logic by the TR. Further, apart from basic format validation on alphanumeric text, there shall not be additional processing or validation imposed upon the TR such as validations on data validity or validations conditioning on other data fields.

- Fields related to barrier option

We note that barrier type is missing in the proposed additional data fields. Barrier type provides important information without which price related fields by themselves would not be the most useful to understand the barrier option. While we understand that UPI may be the appropriate place to capture this piece of information, we notice that necessary barrier type information such as single vs double barrier or directions of barrier is not currently captured by the UPI system. Thus, necessary UPI development would be needed to capture the specific information on barrier types instead of using the generic "Other" category.

2. Do you consider that you would have any issues of interpretation of the definitions or text of the draft new and clarified items of Table S1.1(1): Transaction information, Table S1.1(2): Valuation information, Table S1.1(3): Collateral information or the proposed consequential changes in Chapter 2 : Reporting Requirements as set out in Attachment 1? Please give detailed reasons for your answer.

### Feedback:

We have the following comments to offer, which concerns primarily around the clarity of the reporting requirements for specific product types and reporting scenarios.

- FX Swaps: while an FX Swap contract is expected to be reported as two separate transactions, guidance is needed on the reporting of the Contract Type, UPI, UTI, and Package Identifier on the two transactions.



- Event identifier: Guidance is needed around what is the right approach for populating this field to capture the connection of the original trades and the resultant transactions post the event. We understand that the same value on this field should be populated on the submissions of the new trade(s) resulting from the event as well as the termination submissions of the original trades.
- Reporting of non-Rates swaps: Based on industry engagement, there are common questions on the reporting of “Fixed Rate - Leg 1”, “Fixed Rate - Leg 2”, and “Indicator of the floating rate - Leg 2”. Guidance and clarity would help industry in reporting the fields accurately in line with the ASIC’s expectation. Per DDRS understanding, “Indicator of the floating rate - Leg 2” is for non-Rates swap transactions only, and should be kept blank for Rates swaps. Meanwhile, for non-Rates swap transactions with a fixed rate on the financing leg, the fixed rate is expected to be reported using “Fixed Rate - Leg 2” under the ISO XML //IntrstRate/ScndLeg/Fxd. In addition, if the equity leg or commodity underlier is not captured by UPI, the identifier is expected to be reported using the Underlier ID (Other) using ISO XML //CtrctData/UndrlygInstrm.
- Notional: There are contracts with Notional Amount being unknown within T + 2. Guidance is needed on how reporting entities should report the Notional Amount for such contracts. For instance, Equity Option contracts for which Notional Amount is typically reported as Strike Price multiplied with Number of Options. In the event, Strike Price is fixed only after T + 2, how should Notional Amount and Strike Price be reported within T+2?

3. In CP 361, we identified and estimated the regulatory compliance burden related to sourcing data elements for reporting within reporting entities’ systems and implementing ISO 20022 as the technical standard for reporting. We consider that the proposals do not have a material regulatory compliance burden beyond what was identified and estimated in CP 361, noting that.

- the upper barrier data elements are new but related to the lower or only barrier data elements and applicable in the narrow circumstance of an option with two barriers;
- ‘Secondary transaction identifier’ is a new but optional data element and included at the request of industry;
- ‘New Derivative Trade Repository’ is a new data element but only reported when transaction is transferred to a new derivative trade repository;
- the other data element changes and clarifications do not materially impact on data sourcing or ISO 20022 implementation.

Do you agree that the proposals do not have a material regulatory compliance burden beyond what was identified and estimated in CP 361? In your response, please give detailed reasons for your answer.

**Feedback:** NIL.