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## Via Electronic Submission

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### **Re: Consultation Paper 361: Proposed changes to simplify the ASIC Derivative Transaction Rules (Reporting): Second consultation**

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 simplify the ASIC Derivative Transaction Rules (Reporting): Second consultation (“Second Consultation”).<sup>1</sup>

DDRS appreciates ASIC’s continuing efforts to update its derivatives reporting regime to incorporate relevant market developments and further harmonise the regime with prevailing international standards.<sup>2</sup> DDRS supports many of ASIC’s proposed revisions and believes that, if implemented in a coordinated and prudent manner, they would

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<sup>1</sup> ASIC CONSULTATION PAPER 361: Proposed changes to simplify the ASIC Derivative Transaction Rules (Reporting): Second consultation (16 May 2022), 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 Second Consultation.

<sup>2</sup> We submitted a comment letter to ASIC’s first consultation issued 27 November 2020 proposing changes to update its OTC derivatives reporting regime, Consultation Paper 334: Proposed changes to simplify the ASIC Derivative Transaction Rules (Reporting): First consultation. A copy of that comment letter (the “First Consultation Comment Letter”) is available at: <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/>.



continue to increase derivatives market transparency while reducing operational complexities for market participants. We have organized our response to the Second Consultation in two pieces: this cover letter, which we have used to discuss high-level thematic comments and concerns, and [Appendix A](#) to this comment letter, where we offer targeted responses to the specific questions raised in the Second Consultation. Thank you for consideration of these comments and we look forward to further discussion on these important proposals.

## About DRS

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

## Continuing Need for Global Harmonisation

As we stated in the First Consultation Comment Letter, DRS fully supports ASIC’s efforts to implement a globally consistent set of core data elements. Adopting key data elements and corresponding data specifications that align across jurisdictions establishes a common data reporting vocabulary, which is necessary for cross border information sharing and data aggregation in support of systemic risk monitoring. A globally-harmonised approach to data reporting also alleviates the risks of undue costs, operational complexity, and market fragmentation, which are concerns for both authorities and industry participants alike.

### 1. CDE Technical Guidance

Upon review of the Second Consultation, DRS appreciates instances where ASIC has sought to pursue adoption of CDE Elements in accordance with the CDE Technical Guidance.<sup>3</sup> We think these efforts by ASIC to harmonise CDE implementation with other regulators are a worthwhile endeavor. At the same time, we continue to observe that global harmonisation of CDE across jurisdictions remains a challenge. We therefore encourage ASIC to continue to coordinate with other authorities to increase global CDE harmonisation. As we noted in our First Consultation Comment Letter, our concern is that the ongoing absence of harmonised alignment across jurisdictions means the ability for global authorities to comprehend and address systemic risk will remain unachieved.

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<sup>3</sup> See CPMI–IOSCO, Technical Guidance, Harmonisation of Critical OTC Derivatives Data Elements (other than UTI and UPI) (April 2018), available at <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD598.pdf>.



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## 2. Adoption of ISO 20022

We agree with and support the proposal in the Second Consultation that the draft amended ASIC Rules include a requirement that reporting entities report information in an ISO 20022 XML message. We believe that taking this approach is a very important step towards ensuring that the global regulatory community aligns in adopting a common data standard for reporting to TRs. In this regard, we applaud ASIC for considering the efforts by other jurisdictions to propose or require reporting entities to use the ISO 20022 standard, the likely degree to which ASIC reporting entities will become subject to those cross-jurisdictional requirements, and therefore the resultant need to harmonise. As discussed above, we believe this globally-harmonised approach is advisable across all relevant data standards and reporting requirements.

We note that the ISO 20022 CDE Message Schema for OTC Derivatives remains under development, and that once the ISO 20022 XML schema is made available to market participants a meaningful implementation period will be necessary to facilitate adoption. Recognizing that ASIC has proposed an adoption date of 1 April 2024 for its ISO 20022 CDE requirements, we encourage ASIC to continue to monitor and work closely with industry participants and other authorities to ensure that this proposed adoption date aligns with implementation timelines applied across other jurisdictions. Appreciating ASIC's consideration of the need to ensure harmonisation in design of the relevant technical format, we believe the same harmonisation approach should apply to the implementation of that format.

## 3. UTI, UPI and LEI

DDRS generally agrees with and supports the approach laid out by ASIC in the Second Consultation with respect to the adoption of the Unique Product Identifier ("UPI"), Legal Entity Identifiers ("LEI"), and Unique Transaction Identifiers ("UTI"). We offer several thematic comments below and more detailed comments in [Appendix A](#) to this comment letter.

### a. UTI

Regarding the proposals around UTI, we are generally supportive of the approach laid out in the Second Consultation that mandates the use of UTI. With respect to the proposed UTI reporting waterfall, we would like to raise two points for consideration. First, we appreciate ASIC explicitly acknowledging in the Second Consultation that, under the proposed ASIC UTI reporting waterfall, it is possible that two UTIs for the same transaction may be generated and reported in two jurisdictions.<sup>4</sup> We agree that, as the Second Consultation explains, this can and in fact might happen where the UTI reporting waterfalls in different jurisdictions that require reporting of the same transaction provide for different UTI generating entities. Recognizing that this problem cannot be resolved by ASIC alone, or by any other authority acting unilaterally for that matter, we nevertheless

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<sup>4</sup> See Second Consultation at 32-33.



believe that it is necessary for authorities to continue to identify and collectively address these instances where the desired policy outcome of a single UTI for all transactions is not achieved in practice. The concerns we expressed above regarding lack of complete CDE harmonisation apply equally for UTI: incomplete harmonisation that results in multiple trade data identifiers will inherently degrade the ability for authorities and industry participants to identify and address systemic risk concerns across a globally-linked marketplace.

Second, we note that the Second Consultation provides that TRs may be required to act as the UTI generating entity in the narrow instance where that role is not otherwise specified in an agreement between the transaction parties and there is no affirmation or confirmation platform performing the role either.<sup>5</sup> As we noted in our First Consultation Comment Letter, identifiers are required for many upstream processes and therefore should be generated as close to execution possible. However, where the role of generating a UTI must nevertheless fall upon a TR, we recommend that ASIC clarify how this approach should operate in practice. In this regard, we believe that a prudent approach would entail the TR generating a UTI in the unique and proper format as a distinct process that a reporting entity must request and the TR must complete before transaction submission to the TR (in other words, under these circumstances the TR will not accept any submission without a proper UTI). The TR can then generate the UTI, which will be consumed by the reporting entity for purposes of including it in the overall standard reporting message to the TR. We believe this approach will create a more controlled process and is the most effective in ensuring that transactions requiring UTI generation by the TR are ingested in the same manner as all other transactions with a UTI, thereby reducing the risk of downstream validation errors.

## **b. UPI**

Regarding the proposals around UPI, we are generally supportive of the approach laid out in the Second Consultation that mandates the use of UPI. However, we note that the draft amended ASIC Rules provide that where there is a data element that is embedded in a UPI, there is no need to report that data element separately.<sup>6</sup> While we appreciate the reasoning and intended efficiency behind this approach, we would like to note a related practical question that will arise for TRs. This practical question goes to the fact that TRs often must extract reference data elements (e.g., indicating whether a given transaction is a credit, equity, or rate transaction) from UPIs for the purposes of ingestion and validation. However, if those data elements are now embedded in a UPI and not otherwise reported separately, the TR will not be able to determine or otherwise know *ex ante* whether it needs to perform any UPI data element extraction. Therefore, we believe it would be useful for ASIC to clarify when there is a need to specifically identify data elements that must be included in the message or otherwise indicated to the TR to avoid this outcome, which we fear will otherwise give rise to poor data quality within the TR due to relaxed or missed validations.

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<sup>5</sup> See Second Consultation at 48-49.

<sup>6</sup> See Second Consultation at 60-61.



### c. LEI

Regarding the proposals around LEI, we are generally supportive of the approach laid out in the Second Consultation that mandates the use of LEIs. As we noted in our First Consultation Comment Letter, global adoption by ASIC and other authorities of the same identification paradigms is critical to facilitating the ability to aggregate data in an effective and timely manner across jurisdictions. Similar to the point we raised above regarding the importance of harmonising CDE, UTI and UPI requirements, we similarly believe that promoting the use of LEIs brings closer to reality the core policy premise behind OTC derivatives data reporting: the ability to monitor and address systemic risk across a globally-connected OTC derivatives marketplace.

#### **The respective roles of the TR and reporting entities under the draft amended ASIC Rules**

We note that in several instances in the draft amended ASIC Rules there is some ambiguity around the respective roles of the TR and the reporting entities in fulfilling certain requirements. For example, in the case of handling transactions involving small-scale buy-side entities, which we understand will be exempted from certain of the new reporting requirements, it is unclear to us who is supposed to verify that a transaction involves such an entity.<sup>7</sup> We believe the best approach in this instance would be to require including within every message sent to a TR for a small-scale buy-side entity transaction a specific element that tells the TR the transaction at issue involves a small-scale buy-side entity. We think this is the optimal approach because our experience has been having a TR verify such information post-submission increases the likelihood that delays or errors will arise during the transaction ingestion process. However, the Second Consultation is silent on the practical question of how implementation of the small-scale buy-side entity approach should work among the reporting parties.

In our specific responses in [Appendix A](#) to this comment letter, we note additional instances where there are similar questions about roles and implementation. Therefore, we recommend that ASIC clarify across such instances where the TR is primarily responsible for fulfilling certain requirements, where a reporting entity is primarily responsible, and/or where there are shared responsibilities among the parties (e.g., where the TR is the UTI generating party but requires the reporting entity to request the UTI, where the TR must be informed of the need if any to look up a reported UPI for the purposes of validating certain aspects of a reported transaction, where the TR must receive some notification that a reported transaction is for a small-scale buy-side entity).

#### **Practical implications of the draft remade ASIC Rules; re-reporting requirements prior to 1 April 2024; conversion of legacy TSR data**

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<sup>7</sup> See, e.g., Second Consultation at 229.



We believe that ASIC's intention with respect to implementation of the draft remade ASIC Rules is to introduce only minimal or no system changes for reporting entities during the six-month period that will apply before the effectiveness period for the draft amended ASIC Rules commences on 1 April 2024. In this regard, we applaud ASIC for issuing, after the publication of the Second Consultation, comparison documents that highlight the limited degree of changes between both (i) the current ASIC requirements and the draft remade ASIC Rules, and (ii) the draft remade ASIC Rules and the draft amended ASIC Rules.<sup>8</sup> We believe that this approach is sensible to avoid the risk of undue cost and complexity for industry participants in seeking to ultimately comply with the requirements of the draft amended ASIC Rules in a timely manner. We also believe that the concept of requiring only minimal or no system changes to comply with the draft remade ASIC Rules should apply equally in the case of TRs and respectfully request that ASIC clarify this expectation accordingly.

We are supportive of the proposal in the Second Consultation that transactions be re-reported prior to the commencement of the amended ASIC Rules in order to update the data elements for the transactions to the new specifications. We believe that requiring re-reporting will help minimize the degree to which TSR generated prior to the 1 April 2024 effective date are a hybrid of legacy and updated data elements. At the same time, we appreciate the challenging question of how to convert the pre-1 April 2024 TSR legacy data. Recognizing that there is likely no perfect solution to this problem, we recommend that ASIC not pursue an approach that requires a one-time conversion. As ASIC correctly notes in discussing the upsides and downsides of different potential approaches, even a one-time conversion does not, in fact, conclude as a one-time event because reporting entities will still need to coordinate with the TR to validate the integrity of the newly-converted data. We believe this outcome is particularly likely given that a one-time conversion approach conducted solely by the TR risks compressing a complex operational and labor-intensive exercise into a short time frame with the likely result being errors and other inaccuracies in the converted data after the initial conversion occurs.

## Implementation Timelines

Recognizing that ASIC has proposed an effective date of 1 April 2024 for the draft amended ASIC Rules, DDRS would like to underline the importance of ASIC establishing an orderly, coordinated and efficient implementation timeline. To achieve this outcome, DDRS recommends that ASIC specifically coordinate its implementation timeline with two other important and related ongoing global initiatives: (i) implementation by other global authorities of derivatives reporting requirements; and (ii) continuing progress in the establishment and implementation of the UPI system and the ISO XML schema. The goal of such coordination should be to ensure that global harmonisation of derivatives reporting regimes is achieved not only in respect of how the various reporting regimes are designed, but also in how they are implemented. In practice, we believe this means

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<sup>8</sup> Copies of these comparison documents are 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/>





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ensuring that market participants subject to multiple jurisdictional reporting regimes do not have to contend with conflicting or contradictory implementation schedules across the global OTC derivatives marketplace.

The importance of coordinated implementation timelines of reporting regimes increases insofar as there continues to be an absence of globally consistent adoption of core data elements and other reporting requirements across jurisdictions. Therefore, DDRS respectfully requests that ASIC consult with its fellow authorities and industry participants regarding an implementation timeline of the finalized Amended Rules to ensure the avoidance of any unnecessary and costly overlaps with other implementation efforts.

We are grateful for ASIC's continuing efforts in developing and implementing its OTC derivatives reporting regime and appreciate ASIC's attention to our comments to the Second 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,

CEO  
DTCC Data Repository (Singapore) Pte Ltd



## APPENDIX A

Proposal	Your feedback
<p>B1 We propose to make new draft Rule 2.2.9 'Reporting requirement—Unique transaction identifier' in the draft remade ASIC Rules (see Attachment 1) setting out UTI requirements for a reporting entity to:</p> <ul style="list-style-type: none"> <li>(a) apply the rule if the reporting entity is required to report a UTI for a new transaction (Rule 2.2.9(1));</li> <li>(b) determine the UTI generating entity according to the steps set out in Table 2: UTI generating entity for specified reportable transactions of Rule 2.2.9—this is the draft ASIC UTI waterfall (Rule 2.2.9(3));</li> <li>(c) if the reporting entity is the UTI generating entity, generate the UTI and provide the UTI to the other counterparty in a timely manner and no later than 10 am Sydney time on the next business day (Rule 2.2.9(5));</li> <li>(d) if the reporting entity does not receive a UTI from the other UTI generating entity in sufficient time for reporting: <ul style="list-style-type: none"> <li>(i) if the reporting entity reasonably believes that it will, at a later time, receive the UTI—a 'temporary' non-receipt of a UTI—generate its own UTI for reporting; or</li> <li>(ii) if the reporting entity reasonably believes that it will not receive the UTI—a 'permanent' non-receipt of a UTI—use its best endeavours to determine the UTI generating entity according to the next applicable method in the draft ASIC UTI waterfall; but</li> <li>(iii) if the UTI generating entity determined according to the next applicable method does not provide the UTI, the reporting entity must generate and report its own UTI (Rule 2.2.9(6)).</li> </ul> </li> </ul>	<p>B1Q1 Do you agree with this proposal? In your response, please give detailed reasons for your answer.</p> <p>B1Q2 Do you consider that you would have any issues of interpretation of the definitions or text of draft Rule 2.2.9? In your response, please give detailed reasons for your answer.</p> <p>While we do not have particular concerns about ASIC's proposed reporting UTI requirements, we encourage ASIC to continue to work with other authorities to promote a globally consistent approach in how each jurisdiction designs and implements the UTI generation waterfall. We believe pursuing this global consistency in both design and implementation will help ensure that the same UTI is used for the same cross-jurisdiction transaction.</p> <p>As discussed in our cover letter, we do not believe that TRs are the right place to generate UTI, as UTIs are required for many post-trade processes before trade reporting becomes relevant, and therefore the UTI should be generated much closer to execution. Also as discussed in our cover letter, where there is no other option but to require the TR to be the UTI-generating entity, we believe ASIC should clarify that the UTI generation process should be a distinct and separate process initiated by the reporting entity and performed by the TR that occurs before the TR is required to ingest a trade report submission.</p> <p>We are generally comfortable with the proposed requirements around using a temporary UTI. However, we encourage ASIC to continue to work with other authorities to promote global consistency in the reporting requirement that should apply where the UTI is not received from the other UTI generator. For this purpose, we believe that ASIC and other authorities should take into specific account the fact that, from a TR functionality perspective, to update a temporary UTI to the new UTI, firms need to terminate the trade that's submitted with the temporary UTI, and re-submit a new trade separately with the new UTI.</p> <p>In addition, we believe that ASIC should consider providing additional guidance around the following areas to ensure that the practical approach to replacing a temporary UTI is clarified for TRs and reporting entities:</p> <p>(1) Whether a re-submission that uses the new UTI should constitute a case of late reporting or not?</p>





	<p>(2) Should the field for "Prior UTI" be populated with the temporary UTI when resubmitting with the new UTI?</p> <p>(3) What value should be used on the Action Type and Event Type when resubmitting the new UTI?</p>
<p>B2 We also propose that new Rule 2.2.9 provides that:</p> <p>(a) a reference to a reporting entity that is a responsible entity or trustee includes a person appointed by the reporting entity to enter into OTC derivatives on behalf of the reporting entity—for example, a fund manager (Rule 2.2.9(2));</p> <p>(b) a reporting entity may, subject to conditions, appoint a service provider to generate the UTI (Rule 2.2.9(7));</p> <p>(c) if the UTI requirements are met by another person on behalf of the reporting entity; the reporting entity remains responsible for the obligations of the reporting entity (Rule 2.2.9(8)); and</p> <p>(d) for the purposes of Rule 2.2.9, the reporting deadline in this jurisdiction is the end of the next business day in Sydney (Rule 2.2.9(4)).</p>	<p>B2Q1 Do you agree with this proposal? In your response, please give detailed reasons for your answer.</p> <p>No comment.</p> <p>B2Q2 Do you consider that you would have any issues of interpretation of the definitions or text of draft Rule 2.2.9? In your response, please give detailed reasons for your answer.</p> <p>No comment.</p>
<p>C1 We propose to include in the draft remade ASIC Rules the non-UPI data elements set out in Table 17: see Attachment 1.</p>	<p>C1Q1 Do you agree with this proposal? In your response, please give detailed reasons for your answer.</p> <p>As also discussed in our Cover Letter, we respectfully request that ASIC clarify whether there are any system changes that the TR must effectuate for the name change of the fields, conditionality and enumerations. Our operating assumption is that the TR need not make any system changes during the six-month period over which the remade ASIC Rules will apply before the 1 April 2024 effective date of the amended ASIC Rules.</p>
<p>E1 We propose that the remade ASIC Rules (see Attachment 1) include:</p> <p>(a) new Rule 1.2.5(1)(b)(iv) and amended Rule S1.3.1(1)(a) recognising transaction-to-position conversion reporting practices;</p> <p>(b) new Rule 2.2.1(1A) to curtail duplicative reporting;</p> <p>(c) new Rule 2.2.1(1B) to recognise that reporting entities comply with their reporting obligations where derivative trade repositories derive derivative transaction information for the reporting entity from other information they receive;</p> <p>(d) a definition of a 'Small-scale Buy-side Entity' in Rule 1.2.3 and amendments to Rule 2.2.8 such that small-scale buy-side entities are not required</p>	<p>E1Q1 Do you agree with this proposal? In your response, please give detailed reasons for your answer.</p> <p>We have no concerns on extending lifecycle reporting to all products. On the exemption that small-scale buy-side firms are not required to do lifecycle reporting except for equity derivative transactions, we would like to raise a couple of clarifications and concerns.</p> <ol style="list-style-type: none"> <li>Is the TR expected to support a snapshot reporting approach, which is for small-scale buy-side firms submitting equity derivative transactions only?</li> <li>If snapshot reporting is expected to be supported, what are the expected values for the Action Type and Event Type?</li> </ol>



<p>to report, on a lifecycle basis, reportable transactions that are not equity derivative transactions;</p> <p>(e) new Part S1.1 rule allowing that requirements of a reporting entity that is a responsible entity or trustee may be met by a person appointed to deal on behalf of the responsible entity or trustee; and</p> <p>(f) new Rule S1.3.1(3) only requiring adherence to the new formats and allowable values for the data elements that are being changed or updated in a report made under Rule 2.2.2.</p>	<p>c. Are there any expected validations to be performed by the TR for the entitlement of using the snapshot reporting approach? Our concern is that it does not appear to be feasible for the TR to apply entity-based validations unless there is also an established systemic approach that allows the TR to identify small-scale buy-side entity transactions. We refer you to the discussion in our cover letter that recommends a way that such a systemic approach could be implemented via the use of a specific element that would be included in each message submitted to a TR regarding a small-scale buy-side entity transaction.</p>
<p>E2 We propose that the amended ASIC Rules (see Attachment 2) include:</p> <p>(a) new Rule S1.3.1(4) providing that small-scale buy-side entities are not required to report delta and some of the extended collateral information;</p> <p>(b) amended Rule S1.3.1(3) requiring adherence to the new formats and allowable values for all the data elements reported, other than entity identifier data elements; and</p> <p>(c) new Rule 2.4.1 requiring the re-reporting of transactions reported prior to the commencement of the amended ASIC Rules in order to update the data elements for the transactions to the new specifications.</p>	<p>E2Q1 Do you agree with this proposal? In your response, please give detailed reasons for your answer.</p> <p>(a) On the new Rule S1.3.1(4), our concerns around clarifying an effective and systemic approach to identifying small-size buy-side entity transactions apply, given that the TR cannot independently apply the entity-based validations required for these exempted fields, including delta and other fields on collateral information. Thus, we seek clarification from the ASIC whether these fields are optional for all reporting entities.</p> <p>(b) It is not feasible for TR to perform the differential validation unless it is enabled to systematically identify small-scale buy-side entities. As discussed in our cover letter, our recommendation is that if there are any validations a TR needs to perform for small-scale buy-side entity transactions, each and every relevant message should include a specific element that clearly tells the TR that the transaction at issue is for a small-scale buy-side entity.</p> <p>(c) We strongly support the proposed requirements for the re-reporting of transactions that are reported prior to the effectiveness of the amended ASIC Rules. We believe that it is important for regulatory reporting purposes to maintain a single set of data standards for both legacy transactions and new transactions. From an operational perspective, a reasonable transition period following the commencement of the draft amended ASIC Rules would be welcome to facilitate this outcome.</p> <p>Therefore, we support the proposed timeframe that gives reporting entities 6 months to re-report legacy transactions with an expiration date of at least 12</p>



months later than the commencement of the amended ASIC Rules. In this regard, we note and applaud the fact that this aspect of the ASIC proposal is aligned with similar proposals by MAS, as well as being generally aligned with the EMIR Refit re-reporting requirements.

In addition, we believe that reportable lifecycle events, including modifications and changes on legacy trades starting from the commencement of the amended ASIC Rules, should only be done with respect to the new specifications and validation rules under the those amended rules.

E2Q2 Do you consider that, from the commencement of the amended ASIC Rules, a trade state report should be structured on a 'carried forward/enlarged' basis, a 'converted' basis or on some other basis: see paragraphs 411–417? In your response, please give detailed reasons for your answer.

DDRS continues to be grateful for the opportunity to engage with ASIC in discussing potential options around transforming the TSR from the legacy to the new specifications in the amended ASIC Rules. We appreciate that there are pros and cons with both approaches, and that a preferred approach has not been decided by the ASIC.

In furtherance of these constructive discussions, DDRS believes that any chosen option should reflect the right balance between the potential benefits of data quality versus the attendant operational challenges. Consistent with the views expressed on this point in our cover letter, as we continue to evaluate carefully different potential approaches, we believe a one-time TR conversion is the least compelling option for the following reasons:

- a. Even with a one-time 'conversion', re-reporting activity across reporting entities will still need to occur. This is because, as ASIC has rightfully pointed out, the TSR after a one-time conversion would not be fully normalised to future-state reporting for all data elements. We believe this view is true because:
  - Conversion logic can be rather complex for many fields, which must be excluded from conversion due to impracticability to ensure correctness.



	<ul style="list-style-type: none"> <li>• In some cases, the conversion cannot be defined simply because there is no relevant information in existing data set</li> </ul> <p>b. A one-time conversion over a compressed period such as a weekend is operationally challenging task for both TRs as well as reporting entities, as the conversion requires reporting entities to perform validation on the correctness of the converted result as part of the one-time conversion process.</p> <p>c. Because of the high volume of transactions to be converted, there is inherently a high risk that errors might be introduced into the TSR even if the reporting entities were able to perform the required validations. As such, the required error correction burden after the one-time conversion may impose increasing operational difficulties for reporting entities.</p>
<p>E3 We propose that the remade ASIC Rules (see Attachment 1) include: (a) the meanings, formats and allowable values for derivative transaction information set out in Tables S1.1.(1)–(5).</p>	<p>E3Q1 Do you agree with this proposal? In your response, please give detailed reasons for your answer.</p> <p>We have no particular concerns on the draft remade ASIC Rules with respect to the proposed meanings, formats and allowed values. As also discussed in our cover letter, we understand and appreciate ASIC’s intention is to introduce no or minimal system changes to reporting entities. However, we would like to confirm that the same intention also applies to the TRs in the case of including the field name changes, fields being dropped, and newly added fields. Our belief is that these proposed changes, when compared to the current ASIC rules, are meant for clarification and alignment of fields and current reporting requirements, and therefore should not occasion any need for the TR to make systems changes. In this regard, we note that requiring TRs to in fact make system changes that would only be valid for 6 months until the effective date of the amended ASIC Rules is triggered (which in turn would mandate the ISO 20022 XML format and future specifications), would also indirectly require system changes made by industry participants during this brief period. Therefore, we recommend that ASIC clarify that system changes should not be required of the TRs under the remade ASIC Rules.</p>



<p>E4 We propose that the <b>remade</b> ASIC Rules (see Attachment 1) include:</p> <p>(a) the new data elements ‘Payer (fixed rate leg 2)’, ‘Fixed rate (leg 2)’, ‘Fixed leg payment frequency (leg 2)’, ‘Floating rate payment frequency (leg 2)’ and ‘Floating rate reset frequency (leg 2)’ with the meanings, formats and allowable values of items 7, 11, 14, 16 and 20 respectively in Table S1.1(5) ‘Interest rate derivative data’;</p> <p>(b) the relocation and renaming of ‘Basis’ from item 34 in Table S2.1(1) ‘Common data’ in the current ASIC Rules to ‘Day count convention—Leg 2’ as item 5 in Table S1.1(3) ‘Equity and credit derivatives data’ in the remade ASIC Rules with a changed meaning, format and allowable values;</p> <p>(c) the relocation, for commodity derivatives of ‘Settlement rate or index’ from item 35 in Table S2.1(1) ‘Common data’ in the current ASIC Rules to item 8 in Table S1.1(2) ‘Commodity derivative data’ with a changed meaning, format and allowable values;</p> <p>(d) the relocation and renaming, for equity and credit derivatives, of ‘Settlement rate or index’ from item 35 in Table S2.1(1) ‘Common data’ in the current ASIC Rules to ‘Identifier of the floating rate—Leg 2’ as item 6 in Table S1.1(3) ‘Equity and credit derivatives data’ in the remade ASIC Rules with a changed meaning, format and allowable values; and</p> <p>(e) the relocation, for equity and credit derivatives of ‘Rate reset frequency’ from item 53 in Table S2.1(1) ‘Common data’ in the current ASIC Rules to item 7 in Table S1.1(3) ‘Equity and credit derivatives data’ with a changed meaning, format and allowable values</p>	<p>E4Q1 Do you agree with this proposal? In your response, please give detailed reasons for your answer.</p> <p>As discussed in our cover letter, it is our understanding that ASIC’s intentions regarding the practical implications of the remade ASIC Rules is to avoid requiring industry participants to make changes in their reporting systems. However, we would like to highlight that field name changes require both TR as well as industry participants to make changes in order to produce and consume TSR in the updated field names. Therefore, we respectfully seek ASIC’s confirmation that, in line with our understanding of the overall intention behind the remade ASIC Rules mentioned above, in this instance ASIC does not intend to require field name changes in ingestion submissions to TR, as well as the output TSR under remade ASIC Rules.</p> <p>Additionally, and similar to our comment on E3Q1, we respectfully request that ASIC clarify that the remade ASIC Rules will not require systems changes in several additional scenarios that we highlight below for the awareness of both ASIC and industry participants.</p> <p>For example, we identified a few scenarios where, under the remade ASIC Rules, submissions with blank data in some fields being dropped will be NACKed by the TR as they are today required or conditionally required by TR validation. For other scenarios, we observe a few scenarios where the field format prescribed under remade ASIC Rules will be different from the current required specification, such as Fixed Rate – Leg 1, where today we support 8 numerals after the decimal point. However, under the remade ASIC Rules it appears that we will be required to allow 10 numerals after the decimal point.</p>
<p>E5 We propose that the amended ASIC Rules (see Attachment 2) include:</p> <p>(a) the meanings, formats and allowable values for transaction information set out in Table S1.1.(1) ‘Transaction information’;</p> <p>(b) the meanings, formats and allowable values for valuation information set out in Table S1.1.(2) ‘Valuation information’; and</p> <p>(c) the meanings, formats and allowable values for transaction information set out in Table S1.1.(3) ‘Collateral information’.</p>	<p>E5Q1 Do you agree with this proposal? In your response, please give detailed reasons for your answer.</p> <p><b>Direction fields</b></p> <p>We believe clarification is needed around the “best fit” approach to reporting of Direction 1 / 2 data elements. Our interpretation is that either Direction 1 or Direction 2 must be reported for each transaction, however determining whether it’s Direction 1 or 2 will be resolved by applying a “best fit” approach.</p>



As you know, direction fields are important data elements in derivatives reporting. Therefore, we believe that a fixed and globally consistent definition and applicability of Direction 1 / 2 should be provided for all product types.

Finally, we respectfully seek further clarification from ASIC regarding what validation is expected to be performed by the TR for Direction fields. It is our understanding that we are not required to perform validations on Direction fields using data elements that are imbedded in the UPI. As far as UPI validation is concerned, apart from checking a UPI code is valid, our understanding is that we are not required to perform any UPI-based validation. However, also as discussed in our cover letter, if any validation conditioning on product types and features is required (such as Asset Class and Contract Type), the required data fields need to be allowed and provided for in the ingestion submission messages from the reporting entities.

E5Q2 Do you consider that the explanations of data elements in this consultation paper are an appropriate basis for guidance in a Schedule 1 Technical Guidance document? Are there particular data elements for which you consider additional guidance is required and what is the nature of the additional guidance required?

We support and welcome ASIC's issuance of a Technical Guidance document, which we believe will greatly help promote clarity in reporting rules, thereby improving the quality of reported data. In terms of additional guidance that could be provided by ASIC, we believe that it would be greatly beneficial if such Technical Guidance document includes further clarity around the optionality of all reporting data elements. We believe that providing clarity and guidance to industry participants and TRs (for the purposes of implementing data validations) on this point will help promote increased data quality in the data to be collected by ASIC.





<p>E6 We propose that the amended ASIC Rules (see Attachment 2) include:</p> <p>(a) the new data elements 'Underlier ID—non-UPI' and 'Underlier ID source—non-UPI' with the meanings, formats and allowable values of items 81 and 82 respectively in Table S1.1(1) 'Transaction information';</p> <p>(b) the new data elements 'Identifier of the floating rate—Leg 2', 'Floating rate reference period—Leg 2' and 'Floating rate reference period multiplier—Leg 2' with the meanings, formats and allowable values of items 84, 85 and 86 respectively in Table S1.1(1) 'Transaction information';</p> <p>(c) the new data elements 'Next floating reference reset date—Leg 1' and 'Next floating reference reset date—Leg 2' with the meanings, formats and allowable values of items 10 and 11 respectively in Table S1.1(2) 'Valuation information'; and</p> <p>(d) the new data element 'Collateral timestamp' with the meaning, format and allowable values of item 5 in Table S1.1(3) 'Collateral information'.</p>	<p>E6Q1 Do you agree with this proposal? In your response, please give detailed reasons for your answer.</p> <p>Our observation is that the 'Next floating reference reset dates' data elements, while newly introduced fields, will not be required for reporting floating reference rates that reset on a daily frequency. However, assuming our observation is correct we would like to clarify what expected validations the TR should perform in this regard. For example, we do not think it is feasible to apply validations based on the frequency of the floating rate reference reset.</p>
<p>F1 We propose to amend Rule 2.2.4 in the draft amended ASIC Rules to insert a requirement, with effect from 1 April 2024, that reporting entities report information in an ISO 20022 XML message.</p>	<p>F1Q1 Do you agree with this proposal? In your response, please give detailed reasons for your answer</p> <p>As we discussed in our cover letter, we are supportive of a globally-aligned regulatory approach towards adopting a common technical format (i.e. ISO 20022 XML) for reporting to TRs. We believe that such an approach would be beneficial to keeping data consistent across TRs, as well as across jurisdictions.</p> <p>Also as noted in our cover letter, we believe that once the ISO 20022 XML schema is made available to industry participants, ASIC and other authorities will need to establish and coordinate a meaningful implementation period to facilitate successful adoption.</p>
<p>G1 We are making new proposals to:</p> <p>(a) clarify the meaning of a Part 7.2A Market;</p> <p>(b) exclude from scope AFS licensees without relevant derivatives authorisations, consistent with reg 7.5A.50;</p> <p>(c) exclude from scope clearing members in certain circumstances of an agency clearing model; and</p> <p>(d) clarify that the OTC derivative transactions of a CCIV are reportable transactions.</p>	<p>G1Q1 Do you agree with these proposals? In your response, please give detailed reasons for your answer.</p> <p>No comment</p>



<p>H1 We propose to revise Rule 2.2.7 in the draft remade ASIC Rules (see Attachment 1) to remove the 'safe harbour' provisions.</p>	<p>H1Q1 Do you agree with this proposal? In your response, please give detailed reasons for your answer.  <a href="#">We are supportive of this proposal because it will result in aligning the remade ASIC Rules with all other jurisdictions (where such safe harbour provisions are not present).</a></p> <p>H1Q2 What elements of revised RG 251 guidance would better assist reporting entities to understand their responsibilities and oversee their delegated reporting arrangements?  <a href="#">No comment</a></p> <p>H1Q3 Do you agree that revised RG 251 guidance outlining our approach to reporting errors and breaches can assist in reducing reporting entities' concerns about delegated reporting breaches in the absence of a 'safe harbour'?  <a href="#">No comment</a></p> <p>H1Q4 Are there any elements of revised RG 251 guidance that should be aligned with other regulatory requirements for outsourcing arrangements?            Note: In our first consultation we sought to gather further information to inform this proposal. We note some respondents have pre-emptively addressed similar feedback questions in CP 334. This second consultation is intended to provide more information for your consideration and further feedback.  <a href="#">No comment</a></p>
<p>I1 We propose to change Rule 2.2.8 in the draft remade ASIC Rules to require that transactions in all products are reported on a lifecycle basis, except that small-scale buy-side entities may report transactions in other than equity derivatives on a snapshot basis.</p>	<p>I1Q1 Do you agree with this proposal? In your response, please give detailed reasons for your answer.  <a href="#">We agree with this proposal because it promotes global harmonisation in aligning with other jurisdictions including CFTC, ESMA, FCA and MAS. However, we have suggested a couple clarifications on the exemption given to small-scale buy-side entities (refer to our response to E1Q1).</a></p>