



March 28, 2024

Via Electronic Submission

Craig McBurnie
Senior Analyst, Market Infrastructure
Australian Securities and Investments Commission
GPO Box 9827
Melbourne, VIC 3001
Email: otcd@asic.gov.au

Re: Proposed changes to the ASIC Derivative Transaction Rules (Reporting): Third consultation (CP 375)

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 the ASIC Derivative Transaction Rules (Reporting): Third consultation¹.

DDRS welcomes and supports ASIC’s ongoing efforts to promote international harmonization of derivatives reporting regulations with international standards.

With the Third consultation, ASIC proposes further amendments to the Derivative Transaction Rules (Reporting) 2024 (2024 Rules) in relation to the outstanding matters from the prior consultations. DDRS appreciates ASIC’s significant efforts and collaborative approach in developing and implementing its OTC derivatives reporting regime. DDRS offers the following high-level comments and observations to the Third Consultation. Appendix A to this comment letter contains our targeted responses to the specific questions raised in the Third Consultation. Appendix B contains our additional feedback which is in the light of global harmonization although not direct to the Third 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 of DTCC’s Global Trade Repository service, which provides services for a significant

¹ ASIC CONSULTATION PAPER 375: Proposed changes to the ASIC Derivative Transaction Rules (Reporting): Third consultation (15 February 2024), available at <https://asic.gov.au/regulatory-resources/find-a-document/consultation-papers/cp-375-proposed-changes-to-the-asic-derivative-transaction-rules-reporting-third-consultation/>.



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.

Simplifying the scope of foreign entity reporting

DDRS is supportive of ASIC’s proposal to simplify the scope of foreign entity reporting. With the proposal, there will be improved clarity in the scope of foreign reporting entity as well as reportable transactions. The proposal would bring ASIC to be more aligned with the rest of the APAC region on Nexus reporting requirements, specifically with HKMA and MAS regimes.

Removing alternative reporting

DDRS supports the removal of the “alternative reporting” framework. DDRS shares similar concerns around this matter, including (i) the fact that ASIC currently appears to have incomplete access to all ASIC reportable transactions reported using this framework, (ii) the complexities in data cleansing and consolidation of disparate/differing datasets, and (iii) limitations on data quality controls. DDRS believes that there needs, at very least, to be global adoption by all jurisdictions for such alternative reporting framework to be effective (and not to mention the need for increased harmonization among all the separate jurisdictional reporting datasets, including CDE adoption and implementation challenges). Given the lack of wide adoption globally, DDRS is of the view that the alternative reporting framework at present appears impractical and potentially impedes the effectiveness of the ASIC regime.

DDRS appreciates ASIC’s attention to our comments on the Third Consultation. Where deemed necessary, DDRS would be happy to discuss these comments further with ASIC at its convenience. Please do not hesitate to contact me at pkundamal@dtcc.com.

Sincerely,

Priya Kundamal
CEO
DTCC Data Repository (Singapore) Pte Ltd



APPENDIX A

B1Q1 Do you agree with this proposal? In your response, please give detailed reasons for your answer.

Feedback:

DDRS is supportive on the proposal, as DDRS believes it would bring alignment in the APAC region that ETDs are not reportable under derivatives reporting regime.

B2Q1 Do you agree with this proposal? In your response, please give detailed reasons for your answer.

Feedback:

None

C1Q1 Do you agree with this proposal? In your response, please give detailed reasons for your answer.

Feedback:

DDRS is supportive in ASIC's proposal to simplifying the scope of foreign entity reporting. With the proposal, there will be sufficient clarity in the scope of reporting entity as well as reportable transactions. DDRS observes that the ASIC definition of nexus derivatives may not be fully aligned with MAS and HKMA. DDRS recommends that ASIC together with MAS and Hong Kong regulators review this and establish a harmonized definition, which would bring alignment in the APAC region in determining in-scope reportable transactions for nexus reporting.

D1Q1 Do you agree with this proposal? In your response, please give detailed reasons for your answer.

Feedback:

DDRS supports the removal of this alternative reporting framework which is currently adopted by ASIC alone. DDRS shares the concerns raised by ASIC in the consultation around the current alternative reporting framework. In addition, DDRS believes several key prerequisites must be met for the alternative reporting framework to be effective. First and foremost, there needs to be wide-spread adoptions by all jurisdictions. Secondly, there must be sufficient global harmonization in reporting rules and data elements so that data reported under foreign jurisdictions would also meet the regulatory requirements and needs under ASIC's regime. Lastly, a global governance framework and technical guidance must exist to address operational and implementation challenges across borders, such as identifying transactions reported under alternative reporting and protocols for report sharing across jurisdictions. Given the lack of such key prerequisites, DDRS believes the alternative reporting provision is ineffective for ASIC as the only regulator that has had such a framework, and may impede the efficiency and effectiveness of ASIC's jurisdiction.



E1Q1 Do you agree with this proposal? In your response, please give detailed reasons for your answer.

Feedback:

DDRS supports the proposal- specifically adding 'PEXH' as an optional allowable value for 'Other payment type" and adding 'CCPV' as an allowable value for 'Valuation method' are in line with CDE technical guidance and the rules rewrite programs by other major jurisdictions.



APPENDIX B

Suggestion to require Event Timestamp for all lifecycle events for transaction reporting

DDRS recommends that ASIC consider making Event Timestamp required for all lifecycle events when reporting a transaction. This brings more alignment with other major jurisdictions under rules rewrite programs and is in line with the industry preference as shown by a recent survey conducted by DDRS as requested by ASIC.

With the ongoing global rules rewrite implementations, all major jurisdictions will adopt a lifecycle event based reporting approach. Under this approach, DDRS expects the increased scenarios where DDRS receives multiple lifecycle events from industry participants on the same UTI. Therefore, this creates a critical reliance on Event Timestamp information in order to process in an appropriate chronological and logical sequence.

Event Timestamp is required for only MODI and TERM action types under the 2024 Rules. This is different from EMIR Refit (both ESMA and FCA) as well as CFTC Rewrite, which require Event Timestamp for all lifecycle events. DTCC through its subsidiaries have designed and implemented validation rules driven by Event Timestamp to maintain the logical sequence of reporting entities' submissions to ultimately provide an accurate reflection of the current state of the trades in the Trade State Reports, which ASIC and reporting entities rely heavily on. DDRS anticipates subsequent adoption by MAS, while JFSA and ESMA will implement these in April this year.

At the request of ASIC, DDRS conducted an industry survey on this issue, and there was unanimous support for consistent global implementation which is harmonized with DDRS' (and DTCC's) efforts to advocate and encourage global consistency. More specifically, the Event Timestamp for key Action Types (namely, NEWT, MODI, TERM, EROR) must be provided to ensure the correct processing by DDRS according to the chronological order of the lifecycle events.

Without the necessary Event Timestamp information, lifecycle events may be processed out of order leading to undesired/erroneous processing outcomes of the reported transaction. The implication to reporting entities is that they need to have their own internal controls in place to avoid sending concurrent events to DDRS, which poses implementation challenges and decreases reporting efficiency under ASIC regime.

Finally, DDRS believes that it does not pose additional burden to reporting entities as Event Timestamp information is easily generated. This was indicated by reporting entities who provided the survey responses. For example, the Event Timestamp for Action Type NEWT which is logically earlier than any other lifecycle event, and can be set to the same value of the Execution Timestamp of the new trade. For Action Types (e.g., EROR, CORR, REVI) that are not bilaterally agreed post trade events, the Event Timestamp can be set to a timestamp equal to or immediately before the Reporting Timestamp (i.e., the time of the submission being reported to DDRS). Both Execution Timestamp and Reporting Timestamp are key timestamp information that the reporting entities always have.