Submitted by email to otcd@asic.gov.au

RE: Consultation Paper 48 – Proposed Changes to the ASIC Derivative Transaction Rules (Reporting) 2024

Dear OTC Derivatives Policy Team,

We welcome the opportunity to provide feedback on ASIC's proposed amendments to the *ASIC Derivative Transaction Rules (Reporting) 2024* (the 2024 Reporting Rules) as set out in Consultation Paper 48 (CS 48), released 27 March 2026.

We are broadly supportive of the proposed amendments. The targeted improvements reflect a constructive, industry-responsive approach to regulatory maintenance and are consistent with the ongoing objective of aligning Australia's derivatives reporting regime with international data standards. We commend ASIC for continuing to engage with market participants on practical enhancements that reduce reporting burden while improving data quality for regulatory purposes.

We set out below our specific comments on selected proposals, including items of strong support as well as one area of concern and several constructive recommendations for ASIC's consideration.

<u>1. Rule 2.2.1(1C) – Reporting of Additional Information for Derivative Trade Repository Data Handling Requirements</u>

Position: Strongly Supportive

We strongly support the proposed addition of Rule 2.2.1(1C), which requires a Reporting Entity to report additional information about a report where a Trade Repository (DTR, TR) requires such information for its data handling requirements. This provision appropriately recognises the operational and technical reality of the reporting infrastructure.

In particular, we note the following:

- Regulatory requirements – including both the 2024 Reporting Rules and applicable DTR licence conditions – may impose data integrity controls, error management obligations and audit trail requirements on both Reporting Entities and TRs. The ability to transmit additional technical fields (for example, the ISO 20022 element *Technical Record Identification*) is essential for Reporting Entities to meet these obligations consistently across TR platforms.
- A TR's ability to grant Reporting Entities and their authorised delegates timely, accurate and segmented access to their reported data is frequently contingent on the receipt of such supplementary fields. Rule 2.2.1(1C) therefore supports the operability of data access frameworks that underpin compliance and reconciliation processes.
- By placing this requirement within the Rules themselves, the proposal provides Reporting Entities with a clear legal basis for the transmission of such additional information, removing any ambiguity as to whether reporting such fields is permissible or constitutes a departure from the prescribed reporting format.
- Additionally, Rule 2.2.1(1C) enables a TR to require Reporting Entities to populate fields that support the generation of compliance reports – for example, fields necessary to assess adherence to timeliness obligations. This capability is important for Reporting Entities to demonstrate and

monitor their own compliance with reporting requirements, and for TRs to fulfil any obligations they may have to provide Reporting Entities with the data needed to conduct such self-assessments.

2. Rule 2.2.1(1D) – Optional Reporting of Non-Required Derivative Transaction Information

Position: Opposed – Significant Data Quality Risk

We respectfully but firmly oppose the proposed Rule 2.2.1(1D), which would permit a Reporting Entity to voluntarily report Derivative Transaction Information that is not applicable for a given Reportable Transaction, provided it is reported in accordance with the format and allowable values specified in the relevant table columns.

While we understand the intent – to provide flexibility where reporting systems may populate optional or additional fields – we are concerned that this provision, as drafted, will lead to systematic data quality degradation across the reported population. Our concerns are as follows:

To enhance data quality, the Technical Specifications should clearly state (a) "else NR," denoting an invalid value submission (which would result in message rejection if populated), or (b) "else optional," indicating that the submission of a value is not mandatory but would not be erroneous if provided. By implementing a universal interpretation wherein all "else optional", ASIC inadvertently permits the reporting of invalid data.

Here are several instances demonstrating how this change may permit invalid data to enter TRs and result in lower data quality:

Examples:

- Submission of both Buyer/Seller and Payer/Receiver field groups by the reporter.
- Population of Call/Put currency values without corresponding call/put amount fields.
- Presence of Quantity Frequency values without accompanying notional quantity.
- Inclusion of Package Transaction Price where the Package indicator is marked as False.
- Reporting of package transaction price notion without providing a package transaction price.
- Populating Price currency when Price notation does not equal 1.

This would pass format validation but create a materially misleading record in the repository. Multiplied across large reporting populations, such voluntary populations of inapplicable fields could significantly impair ASIC's ability to derive reliable regulatory intelligence from trade repository data.

Recommended Alternative:

Rather than a blanket permissibility provision, we recommend that ASIC adopt a more targeted approach by:

- Maintaining the existing structure of required, conditionally required, and not-applicable field designations as the primary mechanism for governing field population;

- Where industry use cases have been identified that warrant voluntary reporting of specific fields in additional contexts, amending the relevant table entries to reflect those contexts explicitly, with appropriate conditional logic; and
- Considering the issuance of guidance that clarifies that a DTR may accept and store additional technical fields for its own data handling purposes (as addressed in Rule 2.2.1(1C)) without those fields forming part of the prescribed Derivative Transaction Information under the Rules.

3. ISO 20022 Message Definition Governance – Regulator Ownership

Position: Recommendation for Structural Improvement

While not the subject of a specific proposed amendment in CS 48, we take this opportunity to raise a structural concern regarding the governance of the ISO 20022 message definition as referenced in Rule 2.2.4(2). We respectfully recommend that ASIC consider taking direct ownership of the applicable ISO 20022 message definition, with input from TRs, rather than the current arrangement in which one TR owns the standard.

We note that this approach is consistent with how peer regulators have structured their derivatives reporting regimes:

- The European Securities and Markets Authority (ESMA) publishes and maintains the EMIR Refit XML validation rules and the applicable ISO 20022 message definition directly, ensuring a single authoritative schema against which all reporting is validated.
- The UK Financial Conduct Authority (FCA) similarly owns and publishes the UK EMIR XML technical standards, with industry consultation conducted through a defined FCA process rather than delegated to trade repositories.

We submit that ASIC adopting direct ownership of the applicable ISO 20022 message definition would yield the following benefits:

- It would ensure a consistent, authoritative interpretation of the message schema across all TRs operating in the Australian market, removing the current risk of divergent implementations that impose dual-submission compliance burdens on Reporting Entities with multiple TR relationships or who want to switch TRs.
- It would provide a clear and transparent mechanism for schema updates, with ASIC consulting with TRs and industry prior to any change, consistent with the existing consultation process for changes to the 2024 Reporting Rules themselves.
- It would reduce systemic risk arising from the operational dependency of Australia's reporting regime on privately maintained technical specifications, which may not always be aligned with ASIC's regulatory data objectives.

4. Recommendation: Addition of a 'Entity Responsible for Reporting' Field

Position: New Field Recommendation

We recommend that ASIC consider adding a new data element to Table S1.1(1) to identify the **counterparty that is taking responsibility for the report** (the "Entity Responsible for Reporting"). This field would be distinct from the existing Item 104 (Report Submitting Entity), which identifies only the technical submitter of the message to the TR.

The distinction is material in the context of delegate reporting arrangements. Under Rule 2.2.7, a Reporting Entity may appoint one or more persons to report on its behalf. In practice, the reporting chain frequently involves multiple parties:

- Counterparty 1 (the Reporting Entity) delegates reporting to its counterparty (Counterparty 2) or another party such as the execution agent or another party;
- Counterparty 2, in turn, engages a third-party vendor or service provider to technically submit the report to the TR.

In this scenario, the Report Submitting Entity (Item 104) reflects the vendor, not the Entity Responsible for Reporting (who accepted responsibility for the report), and neither Item 104 nor the existing counterparty fields unambiguously identify which counterparty is responsible for the accuracy and timeliness of the reported data. Note, **this field would in no way change the regulatory obligations of Counterparty 1**.

A dedicated Entity Responsible for Reporting field would enable ASIC and TRs to:

- Unambiguously identify the counterparty that has assumed reporting responsibility, supporting supervisory inquiries and enforcement action where reporting obligations are not met;

We suggest the field could be structured as follows: the LEI of the party (which may be any entity such as Counterparty 1, Counterparty 2, Execution Agent of Counterparty 1, etc.) that is responsible for the report, with an allowable value of an LEI.

5. Addition of Schedule Fields – Strongly Supported, with Important Recommendations

Position: Strongly Supportive of Principle; Specific Recommendations on Implementation

We strongly support the addition of schedule data elements for notional quantity (Items 45a–45f), price (Items 49a–49c), strike price (Items 59c–59e), and barrier price (Items 59f–59k). These additions represent one of the most operationally significant improvements in CS 48, with the potential to materially reduce ongoing reporting burden for Reporting Entities. However, the full benefit of this change will only be realised if the following implementation considerations are addressed.

5.1 TRs Must Be Required to Accept Full Schedules Without Size Limitations

The commercial benefit of one-time schedule reporting at execution is only realised if a TR is technically required to accept the full schedule as reported, without imposing arbitrary limits on the number of schedule periods, values or message size. We are aware from operational experience that some TRs have apply size constraints on repeatable data elements, which forces Reporting Entities to revert to periodic update reporting – the very burden these new fields are designed to eliminate.

We respectfully recommend that ASIC either include an explicit obligation in the 2024 Reporting Rules (or in the applicable TR licence conditions) requiring TRs to accept and store the full schedule as reported, without size truncation, or address this requirement as part of ASIC’s ongoing oversight of TR operating rules. This should not be technically burdensome for TRs, and the cost of not mandating it will fall entirely on Reporting Entities. If a size limit was needed it should be one that accepts the vast majority of trades, such as 10,000 distinct values per the validation of the field value.

5.2 Addition of a Fixed Rate Schedule Field

The proposed schedule fields do not include a schedule for Item 50 (Fixed rate – Leg 1) or Item 51 (Fixed rate – Leg 2). We submit that this is an omission that should be addressed in the current amendment cycle. Certain structured derivatives – including step-up and step-down coupon instruments, and amortising fixed rate swaps with periodic fixed rate resets – require the reporting of a changing fixed rate over the life of the transaction.

Without a fixed rate schedule field, Reporting Entities are required to submit a modification report each time the scheduled fixed rate changes, even where the full schedule was known at execution. This is inconsistent with the rationale for introducing schedule fields for notional quantity, price and strike price, and creates an unnecessary reporting burden for an already-addressed transaction type.

We recommend that ASIC add Fixed rate schedule items (analogous to Items 45a–45c) for both Leg 1 and Leg 2.

5.3 End Date Optionality Should Be Removed – All Schedule Fields Should Require an End Date

The proposed schedule fields include the following provision, applied consistently across notional quantity, price, strike price and barrier price schedule items:

> *“An end date is not required to be reported if it is back-to-back with the effective date of the next period of the schedule.”*

We recommend that this provision be removed and that end dates be required for every schedule period, without exception. Our reasons are as follows:

- **Data validation integrity.** For a TR to perform meaningful validation of schedule data, including cross-field validation to confirm that all grouped schedule fields (effective date, end date, and value) contain the same number of populated entries, end dates must be consistently present. The optionality for back-to-back periods creates structurally ambiguous records where it is impossible to determine programmatically whether an omitted end date reflects a back-to-back period or a data error.

- **Consistency of record structure.** Permitting optional end dates means that two structurally identical transactions may be reported with different numbers of end date values depending on the Reporting Entity’s interpretation of the back-to-back exception. This undermines the comparability of reported data and increases the supervisory effort required to normalise and analyse schedule information.

- **Alignment with international practice.** We note that under the other technical standards, end dates are required fields within schedule structures. Aligning with this approach would reduce the compliance cost for internationally active Reporting Entities operating across multiple jurisdictions.

- **Operational simplicity.** Requiring end dates in all cases simplifies the implementation requirements for both Reporting Entities and TRs. The marginal cost of populating an additional date field that is already derivable from the next effective date is negligible, while the benefit of a structurally complete and consistently validated schedule record is material.

6.0 Collateralisation Category on Transaction Message — Exemption from MARU Reporting for Uncollateralised Transactions

KOR respectfully requests that ASIC permit the Collateralisation Category to be optionally reported directly on the transaction message. Where a transaction is reported as uncollateralised, this should serve as a sufficient indicator to the trade repository and regulator that no associated MARU (Margin Update) message is required or expected for that transaction.

This would reduce operational complexity and reporting costs for market participants.

General Observations

We remain supportive of ASIC's ongoing program of targeted, consultative amendments to the 2024 Reporting Rules and appreciate the opportunity to engage on CS 48 through this simplified consultation process. We would welcome the opportunity to discuss any of the above comments with ASIC's OTC Derivatives Policy Team at your convenience.

Please do not hesitate to contact us if you require any clarification or further information in relation to this submission.

Yours sincerely,

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