Gap Analysis: CFTC Parts 43 & 45 Swaps Data Repository Reporting Enhancements – Phase 3

Submitted by:

FPL Global Technical Committee and

Futures Industry Association

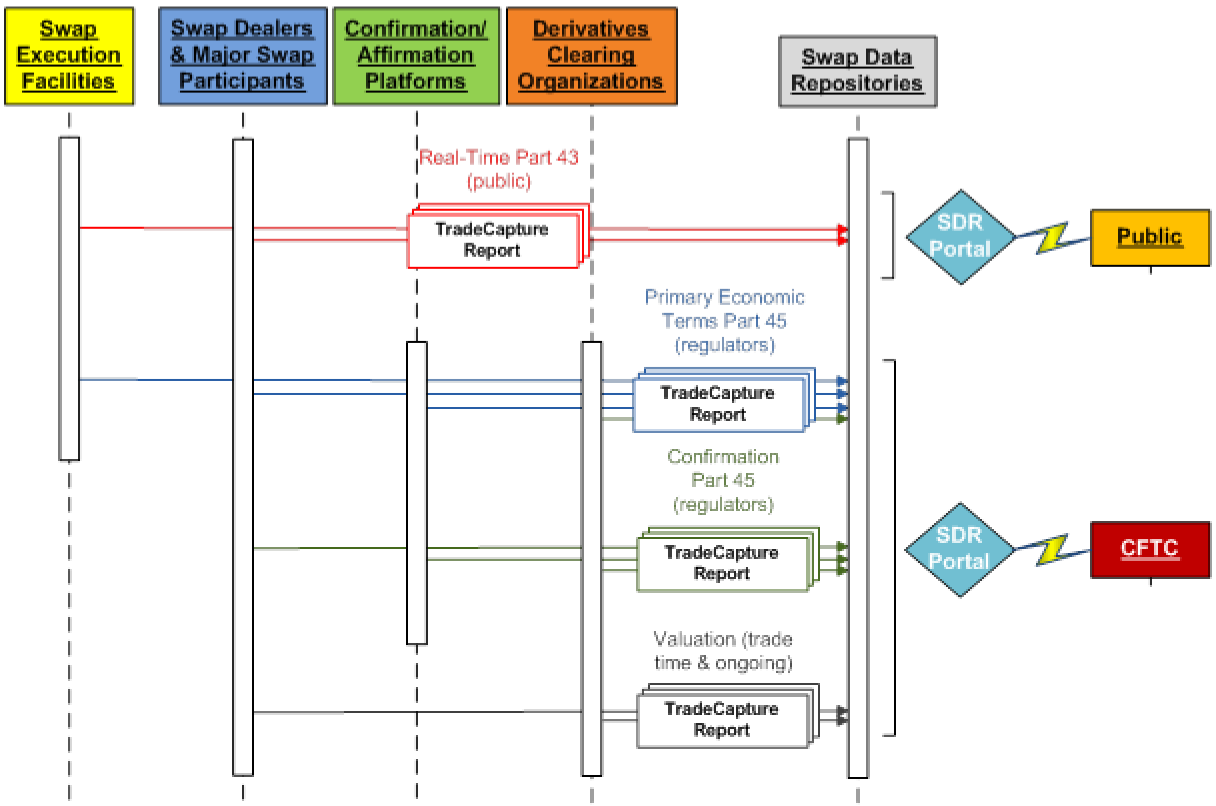
FIX PROTOCOL
INDUSTRY-DRIVEN MESSAGING STANDARD℠

Introduction

- CFTC Rules to meet Dodd-Frank Act
  - 17 CFR Part 43: Real-Time Public Reporting of Swaps Transaction Data
  - 17 CFR Part 45: Swap Data Recordkeeping and Reporting Requirements
- Swaps trades are to be reported to Swaps Data Repositories (SDR)
- Features of Phase 3
  - Foreign Exchange
  - Unlimited Nesting of <UnderlyingInstrument> components
  - Further Synchronization of <UnderlyingInstrument> with <Instrument>
  - Multileg enhancement to <RegulatoryTradeIDGrp> components
- Remaining phases
  - Phase 4: Equity Swaps
- Working group participants:
  - Active participants: CME, ICE, DTCC

Message Flow

- Trade Reporting



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Design Process

- Gap analysis of requirements source material:
    - Parts 43 & 45 requirements tables
    - FpML
    - Existing guidelines from Global FX Committee
- Review and editing of the FIX representation both by the working group and members of the GFX Tech Subcommittee
- Verification of the modeling by mapping directly between the FIX syntax and the source material to ensure completeness of requirements
- See Appendix E: Mapping Tables

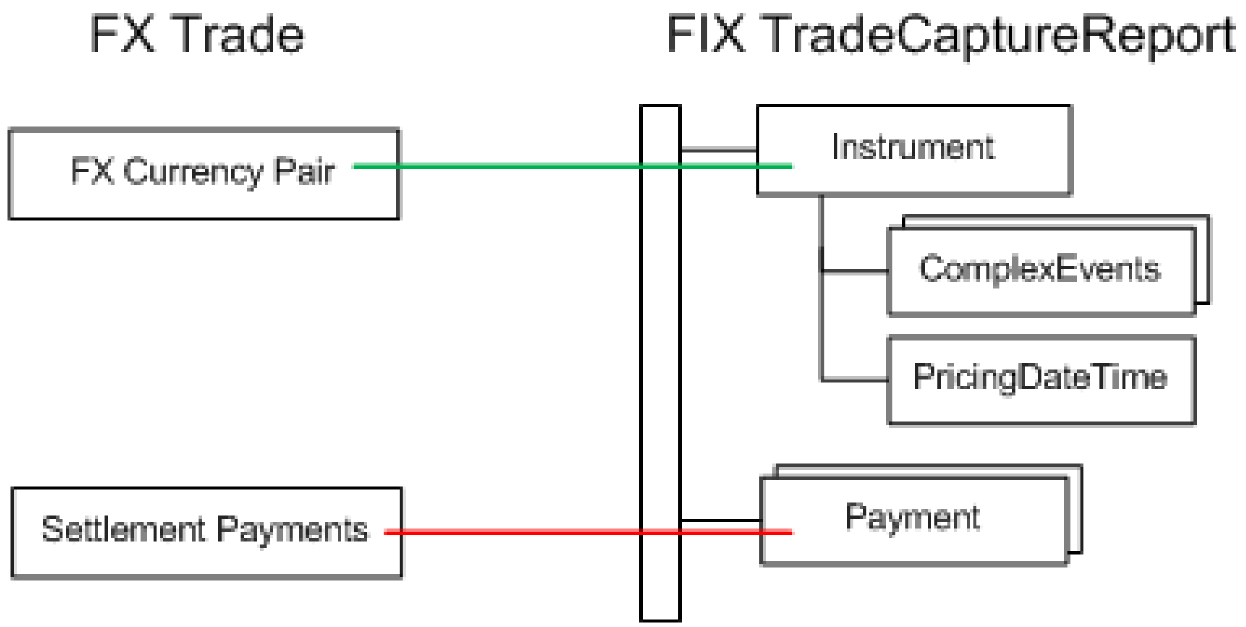
Phase III – Foreign Exchange

- FX Features
  - Basic mapping to FIX reports unchanged
    - <Instrument> Symbol(55) – currency pair
    - SettlType(63) – FX tenor
    - LastQty(32) – quantity of bought currency
    - CalculatedCcyLastQty(1056) – quantity of sold currency
    - SettlCurrency(120) – 3rd currency if NDF
    - LastPx(31), LastSpotRate(194), LastForwardPoints(195)
    - <RateSource> component added to TCR and enhanced for “Rate Option”

Phase III – Foreign Exchange

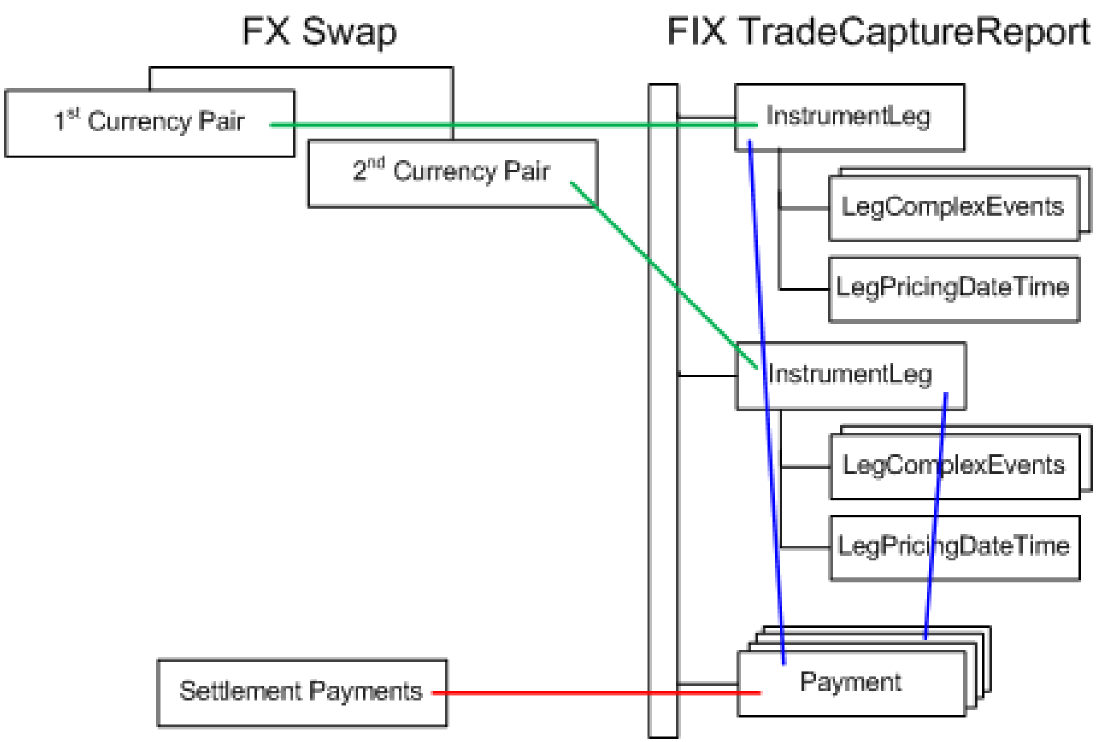
- FX Features (continued)
  - Enhancements for other assets classes
    - <PaymentGrp> repeating component
      - Added for IRS, CDS, Commodity Swaps and Options
      - Also serves to detail FX payment details, including split settlement
    - <PricingDateTime> component
      - Added for Commodity pricing
      - Also serves for FX fixing as a richer alternative to MaturityDate(541) and MaturityTime(1079)
    - <ComplexEvents> repeating component
      - Enhanced for complex Options
      - Also serves for complex FX pricing and multi-currency conversion

Phase III – Foreign Exchange



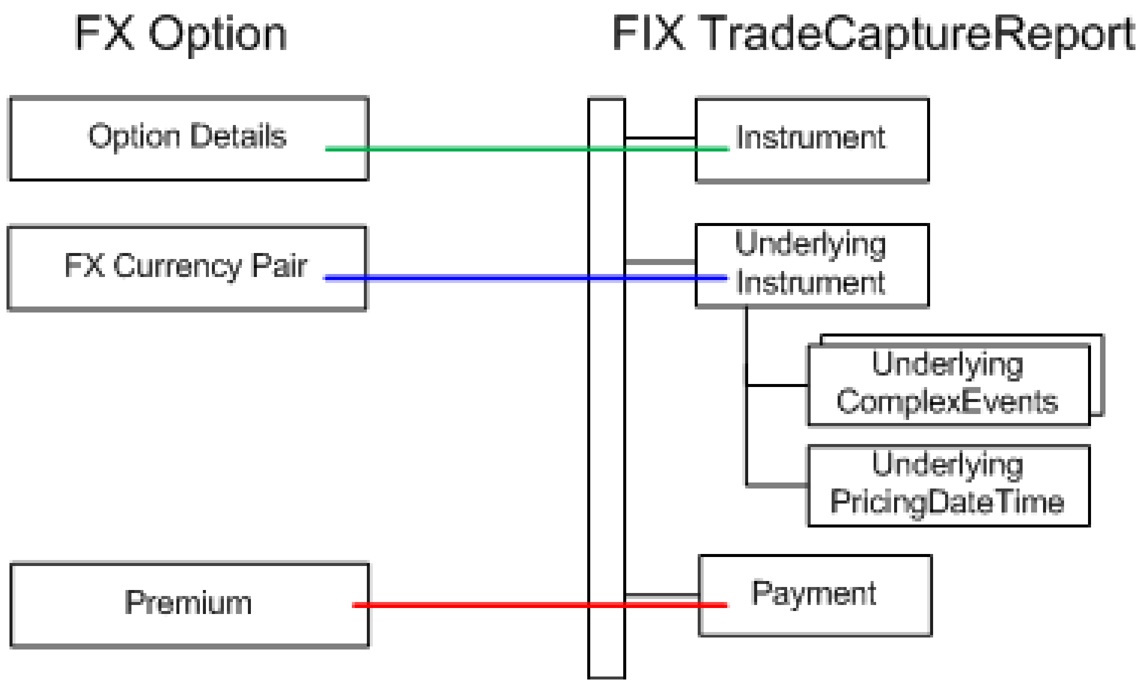
Phase III – Foreign Exchange

- FX Swap
  - Near Leg and Far Leg reported in <InstrumentLeg>
    - Now fully synchronized with <Instrument>
    - Payments refer to associated Leg through its LegID



Phase III – Foreign Exchange

- FX Option
  - Option reported in <Instrument>
  - Underlying FX trade reported in <UnderlyingInstrument>
    - Now fully synchronized with <Instrument>



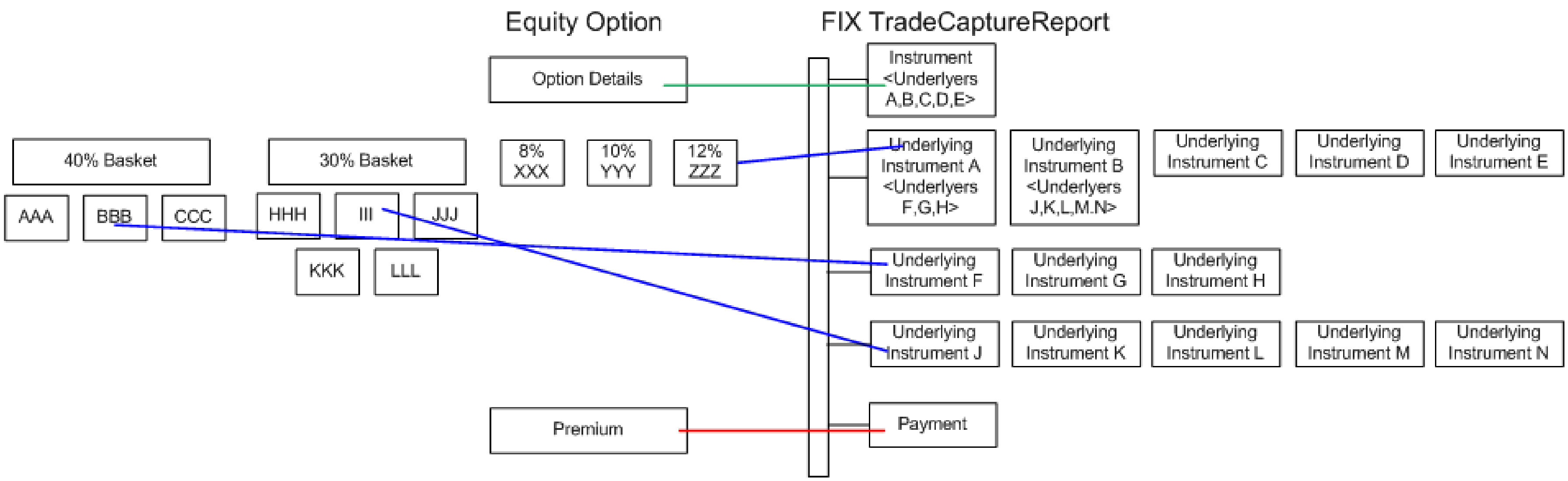
FX Non-Deliverable Forward


```xml
<?xml version="1.0" encoding="UTF-8"?>
<TrdCaptRpt TrdDt="2012-10-23" RptID="2077223" TrdID="6994216" TxnTm="2012-09-11T14:32:34Z"
    TransTyp="0" LinkID="6994216" TrdTyp="58" RegRptTyp="0" ClrIntn="1"
    TrdCollztn="2" ClrReqmtExcptn="0" OffMktPx="N" VenuTyp="R" SettlTyp="Y1" SettlDt="2013-10-23"
    Ccy="IND" SettlCcy="USD" LastQty="10000000.00" PxTyp="20" LastPx="1.3072" LastSpotRt="1.31"
    LastFwdPts="-0.0073" CalcCcyLastQty="13072000">
    <Hdr OBID="00007Z91" D2ID="SDR" Snt="2012-09-11T10:32:43Z"/>
    <RegTrdID ID="USI002" Src="00007Z91" Typ="0"/>
    <Pty ID="00007Z91" Src="B" R="116"/>   <!-- Reporting Entity (Trade Source) -->
    <Pty ID="00007Z94" Src="B" R="21"/>    <!-- Clearing Organization -->
    <Instrmt Sym="USD/IND" SecTyp="FXNDF" AssetClss="2" AssetTyp="IND">
        <DtAdjmt BizDayCnvtn="4">
            <BizCtr Ctr="USNY"/>
        </DtAdjmt>
        <Pxing DtUnadj="2013-10-21" Tm="11:00" TmBizCtr="USNY"/>
    </Instrmt>
    <RptSide Side="1"> // buy
        <Pty ID="00007Z92" Src="B" R="7">
            <Sub ID="Y" Typ="45"/>      <!-- Swap Dealer -->
            <Sub ID="55555" Typ="25"/>  <!-- Location Desk -->
            <Sub ID="77777" Typ="2"/>   <!-- Person -->
            <Sub ID="Y" Typ="49"/>      <!-- Reporting Entity -->
        </Pty>                        <!-- Party1 -->
        <Pty ID="00007Z95" Src="B" R="4"/> <!-- Broker1 (clearing firm) -->
        <Pty ID="CFTC" Src="C" R="34"/> <!-- Regulatory body -->
    </RptSide>
    <RptSide Side="2"> // sell
        <Pty ID="00007Z93" Src="B" R="7">
            <Sub ID="Y" Typ="46"/>      <!-- Major swap participant -->
            <Sub ID="55555" Typ="24"/>  <!-- Department -->
            <Sub ID="77777" Typ="2"/>   <!-- Person -->
            <Sub ID="Y" Typ="49"/>      <!-- Reporting Entity -->
        </Pty>                        <!-- Party2 -->
        <Pty ID="00007Z95" Src="B" R="4"/> <!-- Broker2 (clearing firm) -->
        <Pty ID="CFTC" Src="C" R="34"/> <!-- Regulatory body -->
    </RptSide>
</TrdCaptRpt>
```

FX Swap


```xml
<?xml version="1.0" encoding="UTF-8"?>
<TrdCaptRpt TrdDt="2012-10-26" RptID="4578437594875" Ccy="EUR" LastSpotRt="1.29225">
    <RegTrdID ID="8695420" Src="PNBP" Typ="0"/>
    <RegTrdID ID="8695421" Src="PNBP" Typ="0" LegRefID="Near"/>
    <RegTrdID ID="8695422" Src="PNBP" Typ="0" LegRefID="Far"/>
    <Instrmt Sym="EUR/USD" SecTyp="FXSWAP">
        <DtAdjmt BizDayCnvtn="2">
            <BizCtr Ctr="USNY"/>
            <BizCtr Ctr="GBLO"/>
        </DtAdjmt>
    </Instrmt>
    <Pmt Typ="3" PaySide="2" RcvSide="1" Ccy="EUR" Amt="25000000" Dt="2012-10-26" SettlStyle="0"
        PmtMethod="18" LegRefID="Near">
        <PmtSettl Amt="25000000" Ccy="EUR">
            <Pty ID="HSBCGBLO" Src="B" R="109"/>  <!-- Beneficiary's Bank / Depository -->
            <Pty ID="01128764556" Src="D" R="32" Qual="7"/>  <!-- Beneficiary (Bank) -->
        </PmtSettl>
    </Pmt> <!-- Principal Exchange / Seller pays EUR / Std SettlStyle SettlMeth=CHAPS -->
    <Pmt Typ="3" PaySide="1" RcvSide="2" Ccy="USD" Amt="32306250" Dt="2012-10-26" SettlStyle="0"
        PmtMethod="16" LegRefID="Near">
        <PmtSettl Ccy="USD">
            <Pty ID="CHASUS33" Src="B" R="109"/>  <!-- Beneficiary's Bank / Depository -->
            <Pty ID="0987236727" Src="D" R="32" Qual="7"/>  <!-- Beneficiary  (Bank) -->
        </PmtSettl>
    </Pmt> <!-- Principal Exchange / Buyer pays USD / Std SettlStyle SettlMeth=CHIPS -->
    <Pmt Typ="3" PaySide="2" RcvSide="1" Ccy="USD" Amt="32331500" Dt="2012-11-26" SettlStyle="0"
        PmtMethod="16" LegRefID="Far">
        <PmtSettl Ccy="USD">
            <Pty ID="HSBCUS33" Src="B" R="109"/>  <!-- Beneficiary's Bank / Depository -->
            <Pty ID="12345678901" Src="D" R="32" Qual="7"/>  <!-- Beneficiary  (Bank) -->
        </PmtSettl>
    </Pmt> <!-- Principal Exchange / Seller pays USD / Std SettlStyle SettlMeth=CHIPS -->
    <Pmt Typ="3" PaySide="1" RcvSide="2" Ccy="EUR" Amt="25000000" Dt="2012-11-26" SettlStyle="0"
        PmtMethod="18" LegRefID="Far">
        <PmtSettl Amt="25000000" Ccy="EUR">
            <Pty ID="CHASGBLO" Src="B" R="109"/>  <!-- Beneficiary's Bank / Depository -->
            <Pty ID="23456789122" Src="D" R="32" Qual="7"/>  <!-- Beneficiary (Bank) -->
        </PmtSettl>
    </Pmt> <!-- Principal Exchange / Buyers pays EUR / Std SettlStyle SettlMeth=CHAPS -->
    <TrdLeg SettlTyp="0" SettlDt="2012-10-26" PxTyp="20" LastPx="1.29225"  LastQty="25000000"
        LegCalcCcyLastQty="32306250">
        <Leg Sym="EUR/USD" SecTyp="FXSPOT" LegID="Near" Side="1"/>
    </TrdLeg>
    <TrdLeg SettlTyp="M1" SettlDt="2012-11-26" PxTyp="20" LegLastFwdPts="0.00101"
        LastPx="1.29326" LastQty="25000000"
        LegCalcCcyLastQty="32331500">
        <Leg Sym="EUR/USD" SecTyp="FXFWD" LegID="Far" Side="2"/>
    </TrdLeg>
    <RptSide Side="1"> // buy
        <Pty ID="GIGA" Src="N" R="7"/>
    </RptSide>
    <RptSide Side="2"> // sell
        <Pty ID="PNBP" Src="N" R="7"/>
    </RptSide>
</TrdCaptRpt>
```

Phase III – Nesting of Underlyers



Phase III – Nesting of Underlyers

- <Instrument> and basket <UnderlyingInstrument>s must have a SecurityID(48) or UnderlyingSecurityID(309)
  - With a new source of “synthetic” if necessary.
- <Instrument> and basket <UnderlyingInstrument>s must have NumberOfUnderlyersIncluded(tbd) or UnderlyingNumberOfUnderlyersIncluded(tbd) with the count
  - To indicate that defined underlyers are included in the message
- Each constituent underlyer must have UnderlyingSecurityRefID(tbd)
  - To refer back to its collection or parent
- <InstrumentLeg> will follow the same scheme but underlyers will be defined in <UnderlyingInstrument> rather than within each leg. ***Such components as <UnderlyingLegInstrument> are to be deprecated.***

Phase III – Nesting of Underlyers


```xml
<?xml version="1.0" encoding="UTF-8"?>
<TrdCaptRpt TrdDt="2012-10-26" RptID="4578437594875">
    <RegTrdID ID="8695420" Src="PNBP" Typ="0"/>
    <Instrmt ID="O" Src="Z" SecTyp="OPT" NumUndIncl="5"/>
    <Undly ID="A" Src="Z" SecType="EQTYBSKT" Wt="0.40" RefID="O" NumUndIncl="3"/>
    <Undly ID="B" Src="Z" SecType="EQTYBSKT" Wt="0.30" RefID="O" NumUndIncl="5"/>
    <Undly Sym="XXX" SecType="CS" Wt="0.08" RefID="O"/>
    <Undly Sym="YYY" SecType="CS" Wt="0.10" RefID="O"/>
    <Undly Sym="ZZZ" SecType="CS" Wt="0.12" RefID="O"/>
    <Undly Sym="AAA" SecType="CS" Wt="0.3333" RefID="A"/>
    <Undly Sym="BBB" SecType="CS" Wt="0.3333" RefID="A"/>
    <Undly Sym="CCC" SecType="CS" Wt="0.3333" RefID="A"/>
    <Undly Sym="HHH" SecType="CS" Wt="0.2" RefID="B"/>
    <Undly Sym="III" SecType="CS" Wt="0.2" RefID="B"/>
    <Undly Sym="JJJ" SecType="CS" Wt="0.2" RefID="B"/>
    <Undly Sym="KKK" SecType="CS" Wt="0.2" RefID="B"/>
    <Undly Sym="LLL" SecType="CS" Wt="0.2" RefID="B"/>
    <Pmt Typ="10" PaySide="1" RcvSide="2" Ccy="USD" Amt="1000" Dt="2012-11-26" SettlStyle="0"/>
    <RptSide Side="1"> // buy
        <Pty ID="GIGA" Src="N" R="7"/>
    </RptSide>
    <RptSide Side="2"> // sel
        <Pty ID="PNBP" Src="N" R="7"/>
    </RptSide>
</TrdCaptRpt>
```

Phase III – Multileg for RegulatoryTradeIDGrp

Component FIXML Abbreviation: <RegTrdID>							
Tag	*Field Name*		*Req'd*	*ICR*	*Action*	*Abbreviation*	*Description*
1907	NoRegulatoryTradeIDs		N				
→	***1903***	***RegulatoryTradeID***	N				
→	***1905***	***RegulatoryTradeIDSource***	N				
→	***1904***	***RegulatoryTradeIDEvent***	N				
→	***1906***	***RegulatoryTradeIDType***	N				
→	***tbd***	***RegulatoryLegRefID***	N		NEW	@LegRefID	Identifies the leg of the trade the entry applies to by referencing the leg's LegID(1788). This field may be is used for multi-leg trades sent as a single message to indicate that the entry applies only to a specific leg.
</RegTrdID >							