SWIFT Response

ESMA Consultation
Paper/2014/1352

Review of the Technical
Standards on Reporting
Under Article 9 of EMIR

13 February 2015

Foreword

SWIFT thanks the European Securities and Markets Authority for the opportunity to respond to the Consultation Paper on the review of Technical Standards for Reporting under EMIR.

SWIFT is a member-owned, cooperative society headquartered in Belgium. SWIFT is organised under Belgian law and is owned and controlled by its shareholding Users, comprising over 2,300 financial institutions. We connect over 10,500 connected firms, across more than 215 territories. A fundamental tenet of SWIFT's governance is to continually reduce costs and eliminate risks and frictions from industry processes.

SWIFT provides market infrastructures (including EU Trade Repositories), banking, securities, and other regulated financial organisations, as well as corporates, with a comprehensive suite of messaging products and services. We support a range of financial functions, including payments, securities settlement, reporting, and treasury operations. SWIFT also has a proven track record of bringing the financial community together to work collaboratively, to shape market practice, define formal standards and debate issues of mutual interest.

We thank the Authority again for the opportunity to comment. Please do not hesitate to contact us should you wish to discuss this further.

Natasha de Terán
SWIFT | Head of Corporate Affairs | Corporate Affairs
Tel: + 44 20 7762 2151
Mob: + 44 7780 483 467
www.swift.com

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1   General Comments

SWIFT welcomes ESMA's efforts to achieve a more consistent and harmonised population of fields in the reporting of derivatives to Trade Repositories under Article 9 of EMIR. SWIFT has consistently advocated that the collection of this data needs to be harmonized and based where possible on standard identifiers.

We appreciate that the Financial Stability Board (FSB) is leading efforts to facilitate a common approach across markets for derivatives reporting, enabling such reporting data to be aggregated. Such aggregation will, however, be easier to achieve with a consistent policy in terms of both the scope and format of the data required to be reported across all regions and markets. We trust that in reviewing the technical standards for EMIR, ESMA will work to ensure a consistent approach with other markets, thereby maximizing the prospect of efficient aggregation, whilst reducing uncertainty and cost for the financial community. In this respect, international format standards should be developed (if they do not exist) and used across the globe.

SWIFT plays a significant role in the development of standards for financial messaging, and we have already ensured that relevant messaging standards which we support and develop (e.g. for FX derivatives confirmations) have been updated to ensure that the fields required for EMIR reporting are captured. Updating of messaging standards is an ongoing process, and the upcoming 2015 standards release will include confirmation standards for an additional 10 exotic currency derivative instruments. We will continue to update relevant message formats to reflect market and regulatory changes, including changes to EMIR reporting which result from the current harmonization exercise, subject to the proper consultation with stakeholder groups.

2   Comments in Response to Specific Questions

2.1   Q4: Do you think the adaptations illustrated in this section adequately reflect the derivatives market and will help improve the data quality of reports? Will the proposed changes cause significant new difficulties? Please elaborate.

SWIFT supports the move suggested by ESMA to mandate the use of ISO 17442 compliant LEIs for the identification of legal persons in all relevant EMIR reporting fields, thereby removing the option to use BICs or interim identifiers. We believe that this change will improve data quality.

2.2   Q5: Do you think the introduction of new values and fields adequately reflect the derivatives market and will help improve the data quality of reports? Will the proposed changes cause significant new difficulties? Please elaborate.

We note in paragraph 45 the inclusion of a proposed new field for the identification of the country of domicile of the other counterparty. In our view promoting the requirement to use LEI for the reporting party and for the counterparty to the transaction (as mentioned above) reduces the need to request additional data fields, as this information is part of the LEI public database.

Retrieving information such as 'country of residence for the counterparty' from the LEI database also eliminates the risk of reporting inconsistencies and the related correction process, thus providing more reliable data.

In paragraph 55 procedures relating to the generation of the Unique Trade Identifier (UTI) are referenced. We support the clarity which these proposals bring to the generation of the UTI. We would, however, also strongly suggest that ESMA adopt an approach for the format of UTI which is consistent across markets and regions. The current approach taken by ESMA differs, for example, from the format expected in the reporting under the US Dodd-Frank Title VII rules. It is important that agreement on a consistent approach for UTI is developed by regulatory authorities and implemented, if data quality is to be improved and be capable of aggregation.

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