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Topic
ESMA70-1861941480-56 Questions and Answers on MiFIR reporting

Subject Matter
Interest Rate Swaps reporting

Question
What is the relationship between the interest rate term of the interest rate swap contract (tenor) field 41 (of Table 3 of Commission Delegated Regulation 2017/585) and expiry date and the ISIN?

ESMA Answer

26-09-2018

Original language

[ESMA 70-1861941480-56 MiFIR data reporting Q&A, Q&A 16.1]

If the expiry date and the interest rate term of the contract (tenor) are the same and the other fields in the reference data are the same then the instrument will have the same ISIN. So, for example, a forward starting contract that has the same expiry date and tenor and the same other characteristics as a contract starting immediately will have the same ISIN (see Examples 1-3 in the table below) and if the tenor and/or expiry of two instruments that otherwise share the same characteristics differ then they will have a different ISIN (see Examples 3-7 in the table below).

Examples

Scenario	Trading date	Amount of forward start/effective from date	Field 41 (IR term of contract)[1]	Expiry date	ISIN
1	28/02/2018	2 years (28/02/2020)	8 YEARS	28/02/2028 (28/02/2018 + 2 Y + 8Y)	EZ0000000001
2	28/02/2019	1 year (28/02/2020)	8 YEARS	28/02/2028 (28/02/2019+1Y+8Y)	EZ0000000001
3	28/02/2020	None (28/02/2020)	8 YEARS	28/02/2028 (28/02/2020+8Y)	EZ0000000001

4	26/02/2018	2 years (26/02/2020)	8 YEARS	26/02/2028 (26/02/2018+2Y+8Y)	EZ0000000002
5	28/02/2018	5 years (28/02/2023)	5 YEARS	28/02/2028 (28/02/2018+5Y+5Y)	EZ0000000003
6	28/02/2018	6 years (28/02/2024)	4 YEARS	28/02/2028 (28/02/2018+6Y+4Y)	EZ0000000004
7	28/02/2020	2 years (28/02/2022)	8 YEARS	28/02/2030 (28/02/2018+ 2Y+8Y)	EZ0000000005

The instrument reference data would be as follows:

Rules for population of fields	Field no.	Field Name
	1	Instrument identification code
	3	Instrument classification
The currency of leg 1[2]	13	Notional currency 1
	24	Expiry date

	25	Price multiplier
the floating rate in case of a fixed/floating IRS or the floating rate of leg 1[3] in a floating/floating IRS	28	Underlying index name
	29	Term of the underlying index
The value P - Physical is to be used when an interest rate swap is Deliverable where Deliverable means that the settlement, i.e. payment, currency amounts are paid in the respective reference currency for each leg of the swap for which the payments are being made. The value C - Cash is to be used when an interest rate swap is Non-Deliverable where Non-Deliverable means that the settlement, i.e. payment, currency amounts are paid in a currency other than the respective reference currency for each leg of the swap for which the payments are being made.	34	Delivery type
This field should replicate field 28	40	Reference rate
Field populated as the original interest rate term/tenor of the contract [4][5]	41	IR Term of contract
	42	Notional currency 2
	43[6]	Fixed rate of leg 1

	44[7]	Fixed rate of leg 2
The information of the floating rate of leg 2 (the other leg) in floating/floating IRS	45	Floating rate of leg 2
	46	IR Term of contract of leg 2

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[1] When calculating the tenor, reporting parties should use the effective date as the basis (i.e. column 3).

[2] Leg 1 is determined according to the criteria set out in Examples 1-2 in this Q&A

[3] Leg 1 is determined according to the criteria set out in Examples 1-2 in this Q&A

[4] This should remain unchanged in FIRDS throughout the life of the instrument – trading venues and SIs should not amend the instrument reference data to show the remaining interest rate term/tenor of the interest rate swap.

[5] The population of term for field 41 has a limitation in the format since only integers may be used. Therefore the following approach is to be taken:

1) If the contract duration fits a standard term, the standard term should be populated in field 41. This approach requires starting with the largest term unit and working downwards:

- If the duration is a whole number of years, that value should be populated in field 41.

- If the duration is a whole number of months (based on actual dates not notional 30-day month), that value should be populated in field 41.

- If the duration is a whole number of weeks, that value should be populated in field 41.

- If none of the above applies, the correct number of days should be populated in field 41.

2) When it is not possible to populate field 41 (term of the contract) with the correct number of days due to the restriction of a maximum of 999 days, an investment firm should calculate the duration of the contract in the next major unit (i.e. weeks) using a standard week of 7 days. If this still exceeds the maximum number of weeks to populate (i.e. 999 weeks) then calculate in the next major unit (i.e. months) using the number of days in the actual month referred in the term/tenor. The remainder can then be calculated based on a standard 30 day month. E.g. if the remainder is >=15 days, then round up and if the remainder is <15 then round down.

Example: A contract has a term of 19 years 11 months and 6 days = 19*12 + 11 months with remainder of 6 days, which is rounded down. Therefore, the term is 239 months.

[6] It is a volatile element and will therefore not be populated.

[7] It is a volatile element and will therefore not be populated.