REGIS-TR contribution to

Consultation Paper draft technical standards on data to be made publicly available by TRs under Article 81 of EMIR

February 2017

Answers to the questionnaire

Question 1:

For the purpose of more accurate aggregation of ETD volumes between the CM and its clients should only the trades where the CM is reporting counterparty be taken into account or should all trades where CM is on either side of the ETDs be considered? Please elaborate.

To accurately determine the volumes between Clearing Members and its clients, all trades where CM is on either side should be considered, disregarding those in which the CCP is counterparty. This way, two legs per transaction would be considered. But this would only be valid in case that no trade where the CCP is counterparty is considered; otherwise there would be an overall double counting as each ETD transaction may result in four (or more) reports and the CM will appear in all four.

Keeping in mind that ETDs usually result in four or even more reports, while transactions conducted OTC would result in 2 reports, ESMA should consider these differences in the context of the proposed division by 2 as suggested in ESMA's consultation paper in order to not overstate the aggregate volume.

Question 2:

For the purpose of more accurate aggregation of ETD volumes between the CM and the CCP, is the "Beneficiary ID" the appropriate field or the "Transaction reference number/Report tracking number" field should be used? Do you envisage any other alternative at this stage? What are the potential costs and benefits of implementing any of the proposed options? Please elaborate on the reasons for your response.

REGIS-TR believes that using fields that are populated with a closed list of values is always more convenient, thus using field "Beneficiary ID" would be more appropriate because it can be populated with LEIs. In order to determine the volumes between the Clearing Members and the CCPs, those trades where the CCP is counterparty and the "Clearing Member ID" and the "Beneficiary ID" are the same should be considered. REGIS-TR does not consider that the "Transaction reference number/Report tracking number" field can be used for this purpose, because the current dataset shows that counterparties are not always following the same specification when populating this field, therefore "Beneficiary ID" would provide more accurate results in the aggregations.

Question 3:

In general, do you agree with the approach outlined in section 3.1.1 to determine the scope of the data subject to aggregation for the purpose of calculating market volumes? Please elaborate on the reasons for your response.

REGIS-TR agrees with the approach outlined in section 3.1.1. As mentioned above, currently each ETD trade can have more than two related reports. Including additional requirements is appropriate as, if all reports in which field "Venue" is populated with a value different from XXXX or XOFF were considered, with no further conditions, market volumes results would be above the real volume and thus unrealistic. Furthermore, the described approach would allow determining both the market volume of ETDs traded on behalf of clients and on CMs' own accounts. The approach would therefore be to calculate the following;

Total ETD market volumes = ETD market volumes on clients' account + ETD market volumes on CMs' accounts

Where, ETD market volumes on clients' account consider trades where:

(a) the field "Venue of execution" is not populated with "XXXX" or "XOFF",

(b) where neither counterparty is a CCP and

(c) where (i) the reporting counterparty is identified as a clearing member or (ii) either of the counterparties is also identified as CM for the transaction.

And ETD market volumes on CMs' accounts consider trades where:

(a) the field "Venue of execution" is not populated with "XXXX" or "XOFF",

(b) where one counterparty is a CCP and

(c) where (i) the reporting counterparty is identified as a clearing member or (ii) either of the counterparties is also identified as CM for the transaction and

(d) where the "Clearing Member ID" and the "Beneficiary ID" are the same.

Question 4:

For the purposes of more accurate aggregation of ETD market volume, do you agree with the proposed approach to take into account only the original ETD executions, i.e. those that are reported under the current RTS on reporting with action types "N" which would be reported under the amended TS on reporting with action type "P"? Please elaborate on the reasons for your response.

REGIS-TR agrees with the approach of taking into account only the original ETD executions, considering that these are those trades that have been reported with Action Type "N" under the current RTS or "P" under the new RTS.

However, REGIS-TR also suggests that after the new RTS implementation trades with Action Type "N" are still considered and not only those with Action Type "P", i.e.:

those that are reported under the current RTS on reporting with action types "N"

those that are reported under the amended TS on reporting with action type "P" or "N"

Finally, REGIS-TR believes that the aggregation of the Action Type should be applied in combination with field Report Level being "T".

Question 5:

For the purposes of calculating ETD market volume, do you agree with the proposed approach to divide by 2 the resulting aggregations in order to cater for the inherent duplication of trading volume of ETDs? Please elaborate on the reasons for your response.

Referring back to our answer to Q1, a division by 2 (at least) seems reasonable as only one contract is being traded, while every single execution is transformed into a buy and sell transaction.

Even if the CCP is actually entering into two different transactions and the resulting rights and obligations are twofold, in case of a cessation of a benchmark, the risk of cessation is either shouldered by the two parties to the original transaction, or in case of a default of one of them by the CCP for the defaulting party.

Question 6:

For the purpose of aggregating more accurately OTC derivatives volume of market activity, do you agree with the proposed approach to take into account only the original bilateral OTC and XOFF trades, i.e. those that are reported with action type "N"? Please elaborate on the reasons for your response.

REGIS-TR agrees with the proposed approach.

Question 7:

Do you consider that the approaches outlined in sections 3.1 and 3.2 should be taken into account for the purposes of calculating also total volumes of reported transactions? Please elaborate on the reasons for your response.

REGIS-TR considers most of these approaches should be taken into account. As regards the need of dividing ETD volumes by 2 we agree with ESMA and refer to our answers as provided to Q1 and Q 5 as well.

Question 8:

Do you agree with the proposed cut-off and publication times? If not, what other aspects need to be considered? Please elaborate.

REGIS-TR agrees with the proposed cut-off and publication times.

Question 9:

Are there any further specific additional conditions that need to be included? Please elaborate on the reasons for your response.

REGIS-TR does not foresee any additional conditions to be included.

Question 10:

Further to products and currencies, what other data elements need to be taken into account to correctly identify outliers from the aggregate position data? How should the outliers be treated – not at all included in data aggregations or included in a raw data aggregation, but removed from a cleansed one? Please elaborate on the reasons for your response.

No other data elements need to be taken into account further to products and currencies. However, in order to make the outlier identification criteria consistent among all TRs, it is absolutely necessary to have a common set of rules defined by ESMA, if not the exercise will be on no great use as there will be no harmonization in the published data. Alternative option to identify outliers are the inclusion of alerts when significant deviations from previous week's data occur and the definition of certain limits (nominals), over which should trades also be analysed. This must be set at a quite high level, to avoid a heavy and unnecessary burden for the TRs.

REGIS-TR believes that outliers should not be included at all in data aggregations. This solution would avoid distorting the public data figures. Besides, publishing two reports (a raw and a cleansed version) whenever an outlier is detected, whereas publishing only one report when no outlier is detected, may result confusing for the public.

Question 11:

Should the reconciliation status be taken into account? Should only reconciled trades be included? Please elaborate.

REGIS-TR does not support the inclusion of the reconciliation status on the public data reports at this stage. This information would add noise to the public data reports and considering the challenge that the reconciliation still represents for the TRs and the market participants, REGIS-TR does not consider it appropriate.

In line with this, REGIS-TR does not support the idea of including only the reconciled trades, at least not until the many issues that still need to be tackled by the industry are solved. The exclusion of the non-reconciled trades from the public data reports would distort the data significantly.

Alternatively, a specific report with reconciliation rates could be defined.

Question 12:

Do you agree with the suggested aggregation per type of "Venue of execution"?

REGIS-TR agrees with the suggested aggregation.

Question 13:

What other aggregations could be provided? What additional aspects should be taken into account? Please elaborate.

REGIS-TR does not foresee any further aggregations.

Regarding the aggregation by notional described in point 72.a., REGIS-TR would like clarification on whether the resulting number should be halved in the case of dual sided trades, as per the guidelines in ESMA's Public Data Harmonisation Proposal dated 12 September 2014.

Question 14:

Do you agree with the suggested categories? If not, what other aspects should be taken into account? Please elaborate on the reasons for your response

REGIS-TR agrees with the suggested categories.

Question 15:

Should ESMA establish a longer period of time for keeping publicly available aggregates? What are the costs and benefits of a longer availability? Please elaborate.

REGIS-TR does not consider necessary establishing a longer period of time for keeping publicly available aggregates. The costs of a longer availability would be those resulting from the enhancements that would have to be done to the current TR's website to support a bigger number of reports. The benefits would be providing more transparency to the public.

Regarding the requirement of having available at least the data for 104 weeks, REGIS-TR would like clarification on whether this data can be provided in reports comprising wider periods, or if at least 104 weekly reports have to be available. For example, REGIS-TR currently publishes weekly reports, plus monthly reports, plus yearly reports. Overall aggregate information for the last 2 years is available, however, not all with a weekly breakdown.

Question 16:

Should the data made published by the TRs be in pivoted table form or in tabular form? What are the potential costs and benefits of each alternative?

REGIS-TR prefers making the data available in a tabular format. Given the wider target public and the purpose of providing aggregated data reports, this format has proofed to

be convenient as it simple and it allows the end user to handle the data easily, and it allows machine to machine interfaces to easily consume the reports.

Question 17:

Do you agree with the proposed treatment of legacy trades? Please elaborate on the reasons for your response.

REGIS-TR agrees with the proposed treatment of legacy trades.

Question 18:

What other aspects should be taken into account for the purposes of publication of data? Please elaborate.

No other aspects have been identified.

Question 19:

Do you foresee any potential issues with identifying correctly the data to be included in the commodity derivatives aggregations? If so, please provide concrete examples of cases where you would not be able to identify the trades in scope of the aggregation. Please elaborate.

First of all, it is worth noting that "OT" is not an accepted value for field "Commodity Base" under the current EMIR validations. It will be available with the new RTS.

Secondly, please note that it is important that any methodology to calculate the market size should be clear and consistent to allow persons availing of the ancillary activity exemption to calculate their size compared with the market on the same scale.

Question 20:

Do you agree with the proposed types of aggregation of commodities derivatives? If not, what other aspects should be taken into account? Please elaborate.

REGIS-TR agrees with the proposed types of aggregation of commodities derivatives.

Question 21:

Is there any issue that could potentially prevent TRs from performing aggregation on classes of commodity derivatives on historical data reported before the date of application of the amended TS on reporting? Please provide concrete examples.

REGIS-TR does not see any issue on aggregating historical data before the date of application of the amended TS if this implies aggregating the data that is outstanding as

of the date in which the public data reports enhancements are done. For example, if the changes were to be done on May 1st, the corresponding weekly report would include the aggregate outstanding notional and value at the end of that week, and the volume of transactions reported during that week, calculated in accordance with the new methodology and format. Historical data would in no case be reprocessed to amend past reports. As mentioned already however, the current TS don't include category "OT" for field "Commodity Base".

On another hand, REGIS-TR strongly discourages the introduction of these changes before the new RTS are enforced.

Question 22:

Do you foresee any issues in publishing a single aggregate figure per class of commodity derivative and a TR in accordance with the aforementioned rules?

No issue is foreseen.

Question 23:

Which alternative, weekly or lower frequency, is more accurate and useful to the entities relying on the data? What are the potential costs and benefits of aligning the frequency of publication of commodity derivatives data with other data aggregations? Please elaborate on the reasons for your response.

Currently REGIS-TR generates public data reports with a weekly, monthly and yearly frequency. However, REGIS-TR believes that weekly frequency is the most appropriate alternative as it allows the aggregation of wider periods.

Although potential costs will result from the extra processing required to do the aggregations at commodity type level, aligning the frequency of publication of commodity derivatives data with other data aggregation itself, does not imply a variation of potential costs.

Question 24:

Are there any other types of derivatives than those mentioned in paragraph 118 that need to be taken into account in order to provide more comprehensive aggregations of derivatives that reference indexes? Please provide concrete examples. Please elaborate.

No other types of derivatives are foreseen.

Question 25:

What practical issues would you foresee in aggregating data on interest rate indexes? What mechanisms should be put in place to ensure that a TR is in a possession of

accurate reference data to identify derivatives that have an underlying interest rate index? How the objective of publishing accurate aggregations can be achieved in the most efficient way? Please elaborate

No issues in aggregating data on interest rate indexes are foreseen.

To ensure that a TR is in possession of accurate reference data, the reference data should come from a reliable source common to all TRs. All aggregations by free text fields should be avoided, like floating rates or underlying Id, etc. It is of utmost importance that market participants also consume this reference data when reporting.

In order to publish accurate aggregations in the most efficient way, a common and clear methodology should be put in place by all TRs. TRs could for example execute tests using the same sample data in order to verify that the same methodology is being applied and ensure consistency.

Question 26:

Do you consider this approach feasible? What type of information should be provided by the benchmark administrators? Which other entities should be involved in the reference data collection? How timely should be the provision of reference data to update the ISO 20022 data catalogue? What are the potential costs of such solution? Please elaborate.

REGIS-TR considers that the more standardized the source of the reported data is, the better the quality of the aggregations will be. REGIS-TR is in favor of the use of market conventions like ISO 20022, ISINs, UPIs, etc. otherwise the quality of the aggregations will be poor and these will not be feasible.

As regards the proposed build-up of a data catalogue for the purpose of data aggregation under EMIR in the context of the upcoming Benchmark Regulation, we would like to point out that reference data are usually being provided by special entities with data ownership rights. A Benchmark Administrator will only be in the position to provide selected standard data fields for public use in case it should be used free of charge by the public. However, ISIN number and Index Name should be made available for use by TRs.

Reference data should be consumed by market participants to report in an accurate manner, by the TR to ensure the accuracy of the reports, and to guarantee an acceptable quality of the aggregations.

Question 27:

What alternative solutions are available? Please elaborate.

Question 28:

Do you foresee any difficulties in implementing the suggested approach on data aggregation in the case of baskets? Please elaborate on the reasons for your response.

REGIS-TR does not understand how the data could be aggregated in the case of baskets per component of the basket and would appreciate clarification on this. More precisely, of individual components are to be reported separated by a dash "-", this field would have the same characteristics as a free text field and therefore the aggregations would not be feasible, as explained in Question 25.

Question 29:

Is the limit of 5 billion EUR per index and TR, where there are at least 6 different counterparties to trades, sufficient to provide the sufficient transparency over those transactions, while not undermining the confidentiality of the data? Please elaborate on the reasons for your response.

Yes, this limit would be sufficient.

Question 30:

Do you foresee any issues in publishing a single aggregate figure per index and a TR in accordance with the aforementioned rules?

No issues are foreseen.