



55 WATER STREET
NEW YORK, NY 10041-0099

TEL: [REDACTED]

November 14, 2014

Elizabeth M. Murphy, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Analyses of Data on the Reporting and Dissemination of Security-Based Swap Transaction Information [File No. S7-34-10]

Dear Ms. Murphy,

The Depository Trust & Clearing Corporation (“DTCC”)¹ submits this letter to the U.S. Securities and Exchange Commission’s (“SEC” or “Commission”) Division of Trading and Markets and the Division of Economic and Risk Analysis (each the “Division” and, together, the “Divisions”) in response to the Analysis of Post-Trade Transparency under the Commodity Futures Trading Commission (“CFTC”) Regime and the Inventory Risk Management by Dealers in the Single-Name Credit Default Swap (“CDS”) Market. DTCC appreciates the Divisions’ efforts to examine the effect of the CFTC mandated post-trade transparency in the index credit default swap (“CDS”) market on total credit exposure, trading volume, and trade size in the index CDS market, in addition to the Divisions’ review of single-name CDS transactions and whether and how dealers may hedge large notional exposures that result from executing trades with their customers.

DTCC operates a swap data repository (“SDR”) that is provisionally registered with the CFTC. Upon promulgation of the Commission’s security-based (“SB”) SDR rules, DTCC intends to register as an SB SDR. As a trade repository that provides global trade reporting solutions for its customers and facilitates the supervisory duties of regulators through appropriate access to this data, DTCC fully recognizes the importance of complete and accurate swap data reporting and maintenance. DTCC, therefore, is pleased that data publicly available through its Trade Information Warehouse (“TIW”) was used to assist the Divisions’ analyses. DTCC’s comments

¹ DTCC serves as the primary financial market infrastructure serving the U.S. capital markets across multiple asset classes, including equities, corporate and municipal bonds, government and mortgage-backed securities, money market instruments, mutual funds, insurance, alternative investment products and over-the-counter derivatives.

DTCC has operating facilities and data centers around the world and, through its subsidiaries, automates, centralizes, and standardizes the post-trade processing of financial transactions enabling thousands of institutions worldwide to issue securities and raise capital to build businesses. DTCC provides critical infrastructure to serve the financial marketplace and its constituents, including investors, commercial end-users, broker-dealers, banks, insurance carriers, and mutual funds.

address the importance of promulgating SB swap reporting rules which support a model where the same high quality comprehensive data is maintained. DTCC believes the markets are best suited to comment on other topics raised in the analyses, such as liquidity.

DTCC's Trade Information Warehouse

Launched in November 2006, TIW operates and maintains the centralized global electronic database for virtually all CDS contracts outstanding in the marketplace. As a result, this data represents a gold quality standard as TIW's customers have agreed to maintain the most current CDS contract details on the official, or "gold," record for both cleared and bilaterally-executed CDS transactions in TIW.

Currently, more than 40 regulatory authorities across 22 jurisdictions have access to TIW data. In conjunction with the International Swaps and Derivatives Association ("ISDA") and market participants, standards and data flows have been implemented which enable TIW to hold clean "gold" quality data. The 2010 OTC Derivatives Regulators Forum ("ODRF") guidelines allowed TIW to work with its clients and the ODRF regulatory authorities to address data sharing and access. The quantifiable benefits resulting from the TIW model are high quality standardized data and a market infrastructure that allows regulators to access data across multiple jurisdictions in accordance with agreed upon access guidelines.

Key Considerations for Trade Reporting

The SEC analyses are good examples of the value of useful data reporting when there is strong market structure, well-defined data rules, and a full audit trail from trade execution through all lifecycle events. This framework promotes effective data aggregation and produces reliable data results.

As the Commission looks to finalize its SB swap data reporting regulations, DTCC urges the Commission to consider this framework with respect to SB SDRs. DTCC believes the following key principles support such an approach: (1) reporting commences at the time of execution; (2) all data should follow where the initial trade was first reported to avoid data fragmentation; and (3) data fields should be consistent on a local and global basis.

Reporting Commences at Time of Execution

The very first report to the SB SDR, for real-time dissemination, sets the reporting flow for all subsequent events related to that trade, including any lifecycle event that is derived from that trade such as novation. This is critically important for effective data aggregation and analysis, as it ensures a complete audit trail, from cradle to grave, of the trade lifecycle and any related changes.

Data Fragmentation Should Be Avoided

It is important that all events, including those related to compression and novation, are reported to the same SB SDR where the initial record was first reported. Should this data become fragmented across multiple SB SDRs, there is a potential for duplication of positions and inflation of reporting as a result. Such fragmentation would limit the SB SDR's ability to manage complete inventory control and assist with data reconciliation efforts. More significantly, it would place greater burden on the Commission to perform such aggregation and de-duplication efforts.

Local and Global Consistency of Data Fields

DTCC offers trade repository services in seven jurisdictions through its global trade repository service. In the US, DTCC has been receiving data for nearly two years pursuant to CFTC regulations. Given the inherent cross-border nature of these traded products, reporting of the same trade often is required in two or more jurisdictions. Any differences in data fields or validations across jurisdictions add further complexity to the process flow and will frustrate the G20 goals of data aggregation absent a globally consistent standard. DTCC believes the Commission is well-positioned to take a lead on developing consistent standards for data fields and validations by collaborating with existing SDRs and the CFTC.

As the Commission moves forward with Regulation SBSR – Reporting and Dissemination of Security-Based Swap Information, DTCC encourages the Commission to consider the impact of the above-mentioned issues.

DTCC welcomes the opportunity to further discuss with the Commission any of these comments and to provide additional recommendations related to the SB swap data reporting rules.

Please contact me at [REDACTED] or [REDACTED].

Sincerely yours,



Marisol Collazo
Chief Executive Officer, DTCC Data Repository (U.S.) LLC (DDR)