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May 20, 2020

Christopher Kirkpatrick
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street NW
Washington, DC 20581

Re: Swap Data Recordkeeping and Reporting Requirements, RIN 3038–AE31

Dear Mr. Kirkpatrick,

We appreciate the opportunity to provide input to the proposal by the Commodity Futures Trading Commission (CFTC) on Swap Data Recordkeeping and Reporting Requirements. We agree with the goal of the proposal to streamline the requirements for reporting new swaps, define and adopt swap data elements that harmonize with international technical guidance, and reduce reporting burdens for reporting entities. We support the expansion of the use of the Legal Entity Identifier (LEI). We also support the move towards the requirement of data standards by reporting entities, but we strongly urge the CFTC to require the use of a single financial data standard, rather than allow each Swaps Data Repository (SDR) to set its own data standards requirements. This recommendation would not be a major change in the proposal as written, but would result in significantly greater benefits to reporting entities, SDRs, users of swaps data, and the Commission itself.

XBRL US is a nonprofit standards organization, with a mission to improve the efficiency and quality of reporting in the U.S. by promoting the adoption of business reporting standards. Members of XBRL US include accounting firms, public companies, software, data and service providers, as well as other nonprofits and standards organizations. XBRL US is a jurisdiction of XBRL International, the nonprofit consortium responsible for developing and maintaining the technical specification for eXtensible Business Reporting Language (XBRL).

XBRL is an open (free), nonproprietary data standard, and is the only standard that can consistently and unambiguously report financial data as well as other data types. XBRL is widely used around the world for reporting by public and private companies, as well as government agencies. In the United States, XBRL is used to report data in successful standards programs established by the Federal Deposit Insurance Corporation (FDIC), the Securities and Exchange Commission (SEC), the Federal Energy Regulatory Commission (FERC), and the Department of Energy (DOE). These programs make reported data machine-readable, more timely and consistent, and reduce the cost of data preparation, collection and analysis.

This letter addresses specific questions posed in the Commission proposal and recommends certain actions that will help the Commission better meet its objectives.

Expand the use of the LEI

CFTC Proposal Question 8: Should the Commission expand requiring LEIs to be renewed annually beyond SDs, MSPs, SEFs, DCMs, DCOs, and SDRs?

As a standards organization, we are strongly supportive of the LEI as it represents a critical opportunity to provide needed clarity around organizational provenance, with benefits to businesses, regulators, and investors alike. The LEI provides standardized information that helps businesses understand the origins of their clients, contractors, and suppliers; and allows investors to better understand the entities in which they invest. We agree with the proposed requirement that not only must counterparties be identified with their own LEI but that they must obtain an LEI, in the event that they do not have one.

Require a single data standard for economies of scale

CFTC Proposal Question 13: Even with technical standards published by the Commission, there is a risk of inconsistent data across SDRs if the Commission allows the SDRs to specify the facilities, methods or data standards for reporting. In order to ensure data quality, should the Commission mandate a certain standard for reporting to the SDRs? If so, what standard would you propose and what would be the benefits? If not, why not?

We strongly recommend that the Commission require all SDRs to adopt a single data standard. The proposal states that the new rule “... would require that in reporting swap data to an SDR as required by part 45, each reporting counterparty, SEF, DCM, and DCO use the facilities, methods, or data standards provided or required by the SDR to which the entity or counterparty reports the swap data.”

As written, the amended rule would require each SDR to specify their own required data standard which would be used by swaps dealers (SD) and counterparties reporting data to that SDR. While we support the Commission’s move to limit the number of data standards that may be used by SDs and their counterparties, allowing SDRs to choose any data standard will lead to inconsistencies in the data, and unnecessary spending by SDs, counterparties, SDRs, data users, and the Commission, to accommodate multiple data sets that are standardized in different ways.

Given that the CFTC is imposing new requirements on SDRs through this proposal, and SDRs will be required to adopt a data standard to be used, the Commission could streamline the process for both preparers and data users, and reduce government spending, by requiring the use of a single, CFTC-approved data standard. This approach would benefit the swaps reporting supply chain as follows:

SDs and counterparties

Reporting entities will need to adapt to a required data standard under either the current proposed scenario, or the scenario that we recommend. Under either scenario, various commercially provided reporting applications will be made available in the marketplace to support the new requirements. If the market opportunity for these commercial products is split four ways (because different standards will require different types of applications), the opportunity is small. A commercial product has few potential clients. But if all swaps dealers and counterparties are required to adapt to a single data standard, the market opportunity is large. Commercial products with a large pool of prospective clients are more likely to be price-competitive and feature-rich. There is simply greater incentive to compete for a larger target client base. The end result of adopting a single data standard is lower cost to SDs and counterparties because of greater competition.

SDRs

SDRs will need to establish a data collection mechanism to accept the standardized data from SDs and counterparties. If every SDR relies on the same standard, the cost of the data collection system will be lower than if each SDR must establish a different data collection system, again because of the economies of scale recognized when a single standard is used.

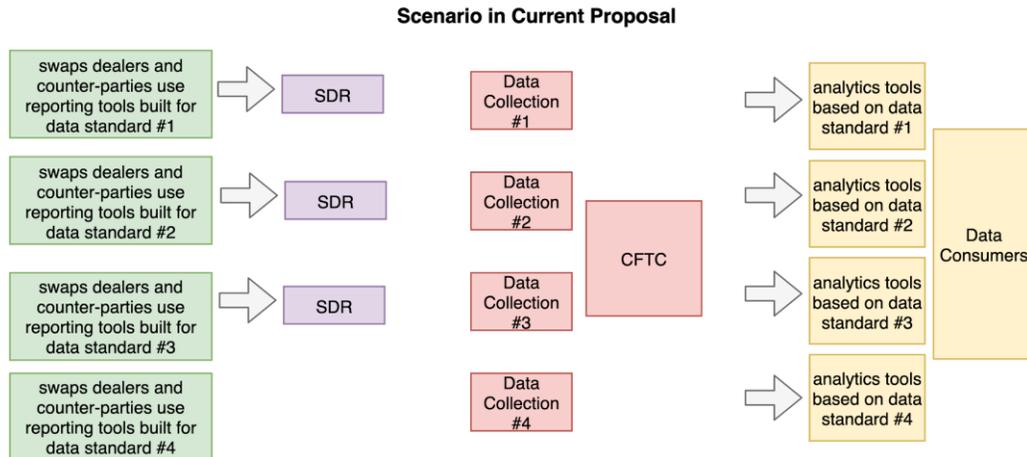
Regulator

The Commission will need to collect the data from multiple SDRs. If each SDR collects data using the same standard, the Commission can build a single data collection system. If each SDR uses a different standard, the Commission will need to build four data collection systems, and then establish a process to map the four data sets to each other to provide the aggregated data to the public, incurring greater cost and delaying the availability of the data. Alternatively, the Commission could make each dataset available as submitted, which would require the end user to adapt to four sets of data, all structured differently. That will require the use of four different types of extraction and analysis tools.

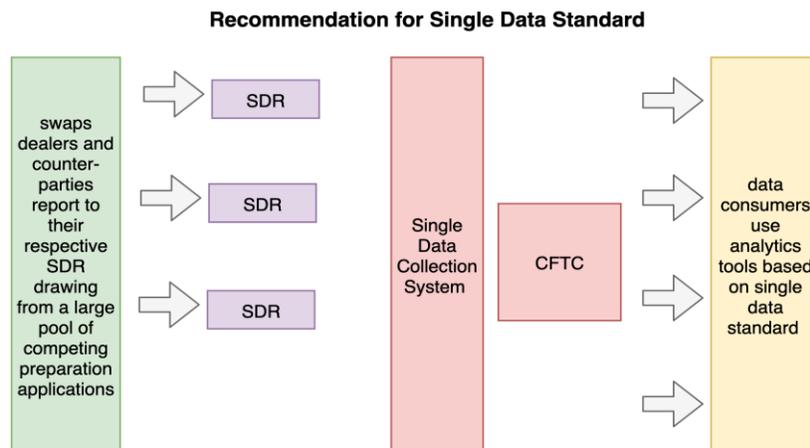
Data consumers

Investors and other market participants using the reported data will gain under a scenario where a single data standard is adopted by all, because the Commission will be able to provide the machine-readable data faster if relying on a single standard because there is no need to map data received before aggregating the content. It is also likely that the data will be more consistent and accurate when relying on a single data standard.

The illustration below depicts the scenario as laid out in the current CFTC proposal.



Under the XBRL US recommendation, savings to SDs and counterparties (data preparers), the Commission (data collector), and data users, is illustrated below. Adopting a single data standard simplifies reporting for all involved, reducing the cost of preparing, collecting, extracting and analyzing data. It is a long-term solution that leverages the competitive marketplace to keep costs low, improve the quality and consistency of data reported, and increase the timeliness of data reported.



Propose the most appropriate data standard

We recommend using XBRL as the most appropriate data standard for the reporting of swaps data for the following reasons.

XBRL is open (free), and nonproprietary.

XBRL is a global, open, nonproprietary (free) data standard that can handle the complexities of financial data, in addition to many other data types. Regulatory disclosure requirements should always leverage open, nonproprietary standards to ensure the lowest possible cost to reporting entities and data users, as well as to the regulator.

XBRL can make financial data machine-readable.

The data required to be reported by SDs and counterparties is financial, which requires the use of a data standard that can unambiguously, consistently represent financial information. A single value like the fact highlighted on the table below has numerous characteristics that must be reported along with it, in order for the receiver of that fact to have complete certainty of what is being reported. The value 234855630 has these characteristics:

1. Represents gross notional value outstanding
2. Represents cleared amounts
3. Is a monetary value
4. Is in millions of US dollars
5. Is reported for the period April 3, 2020

While we can understand that by reading the rows and columns of the table, a computer must have this “data about the data” embedded in the fact itself, in order to understand it unambiguously. The XBRL standard has the structure to handle financial data in this manner. The XBRL standard is designed to handle information about a reported fact including label, definition, period type (instant versus duration), data type (monetary, integer, boolean, decimals, percent, per share, text, tables), units (currency, volume, area, etc.), time period, decimals (thousands, millions), reporting entity, and potentially other dimensional characteristics that may need to be conveyed (such as data by region or business unit).

Gross Notional Outstanding by Cleared Status (Millions of USD) - Open Interest Equivalent (Single-Count)

Gross Notional by Status

	April 03	April 10	April 17	April 24	May 01
Total Interest Rate*	282,407,450	281,959,543	280,798,071	277,951,313	279,119,614
Cleared**	234,855,630	234,288,987	233,503,348	230,621,068	231,498,783
Uncleared	47,551,820	47,670,556	47,294,723	47,330,245	47,620,831
Total Credit	5,473,319	5,479,697	4,959,188	4,939,109	5,120,569
Cleared	2,949,819	2,945,488	2,734,221	2,678,628	2,821,787
Uncleared	2,523,501	2,534,209	2,224,967	2,260,481	2,298,781
Total FX	52,271,352	50,837,704	49,866,024	49,285,030	50,262,029
Cleared	1,281,750	1,213,625	1,184,615	1,133,425	1,133,939
Uncleared	50,989,601	49,624,079	48,681,409	48,151,605	49,128,090
TOTAL	340,152,121	338,276,944	335,623,283	332,175,452	334,502,211

XBRL is widely used around the world.

XBRL today is widely used around the world by millions of reporting entities, for different types of implementations and in different regions, for reporting by public and private entities, governments and banks. Types of global XBRL financial data standards programs include: 82 financial regulatory, 52 capital markets (public companies), 18 business registrars, 9 tax authorities, 5 government oversight, 2 Standard Business Reporting (all businesses and governments report in a common standardized format). XBRL is used by major banking regulators around the world. Given the global nature of the swaps market, a global standard should be adopted.

The XBRL standard is mature, has a successful track record, is growing in use, and is supported by an international standards body.

XBRL can be easily modified to accommodate changes in reporting requirements.

Every year, 6,000 U.S. public companies, and dozens of software providers (for tools that create, extract and analyze data) easily transition to a new release of the US GAAP Financial Reporting Taxonomy, which may need to be modified due to changes in accounting standards, SEC requirements, or industry need. Banks, reporting to the FDIC, easily adapt to revised taxonomies on an even more frequent basis. The ability of the XBRL standard to adapt to modifications means that the Commission can revise reporting requirements and generate a new version of an XBRL taxonomy with relative ease, and most importantly, without the need for system changes or internal IT involvement.

Software providers, data aggregators and data consumers can also adapt to changes in reporting requirements easily as well, with minimal to no disruption in process.

XBRL adapts to changing technologies.

The XBRL specification¹ is managed by a global standards organization (XBRL International²) which has active technical working groups that revise and adapt the standard to meet changing technology needs in the marketplace. Through their work, XBRL has been expanded over the years so that it can be used to create XBRL documents formatted in XML, XHTML (Inline XBRL), JSON, or even CSV. As technologies change, the XBRL standard is well positioned to continuously adapt.

Validation rules can be employed to identify and resolve errors.

Checks can be built into the standards developed to catch potential issues during the data creation process. These validation rules can ensure that data reported has the appropriate sign (negative or positive), does not conflict with other concepts used, calculates properly when combined with other values, etc. Validation rules can be used to improve the quality and consistency of information reported, and eliminate delays from vetting and correcting data.

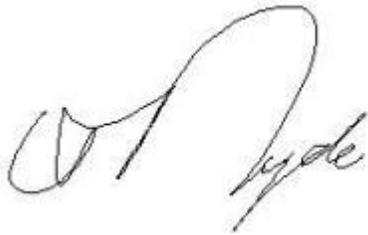
¹ XBRL International specifications: <https://specifications.xbrl.org/specifications.html>

² XBRL International: <https://xbrl.org>

We appreciate the opportunity to weigh in on this important topic and we support the move to greater use of the LEI and of data standards in general. We urge the Commission to consider our recommendation. Adopting a single data standard will result in much greater benefits and we would be happy to discuss this further.

Please contact me with any questions. I can be reached at campbell.pryde@xbrl.us or by phone at (917) 582-6159.

Regards,

A handwritten signature in black ink, appearing to read 'Campbell Pryde', is positioned above the typed name.

Campbell Pryde,
President and CEO