CONSULTATION PAPER

P009 - 2021

5 July 2021

Proposed Amendments to the Securities & Futures (Reporting of Derivatives Contracts) Regulations

Monetary Authority of Singapore

Contents

1 Preface

1.1 As part of G20 over-the-counter ("**OTC**") derivatives reforms to improve transparency, mitigate systemic risks and protect against market abuse, MAS commenced its reporting regime for OTC derivatives contracts on 31 October 2013. The enabling provisions for the reporting regime are set out in the Securities and Futures Act ("**SFA**") and the Securities and Futures (Reporting of Derivatives Contracts) Regulations 2013 ("**SF(RDC)R**") [1].

1.2 To facilitate the aggregation of OTC derivatives data through standardisation and harmonisation of data elements, the Committee on Payments and Market Infrastructures and the International Organization of Securities Commissions ("**CPMI-IOSCO**") published a technical guidance on the harmonisation of the unique transaction identifier ("**UTI Technical Guidance**") in February 2014, a second technical guidance on the harmonisation of the unique product identifier ("**UPI Technical Guidance**") in September 2017, and a third technical guidance on the harmonisation of critical OTC derivatives data elements (other than the unique transaction identifier and unique product identifier) ("**CDE Technical Guidance**") in April 2018. Collectively, the three sets of technical guidance set out approaches, definitions and characteristics of key reportable data elements namely, the unique transaction identifier ("**UTI**"), unique product identifier ("**UPI**") and other critical data elements ("**CDE**"), for authorities to consider in implementing their respective OTC derivatives reporting regimes.

1.3 MAS supports these initiatives and intends to adopt and implement the technical guidance published by CPMI-IOSCO. In addition, there have been several international developments on the adoption of the CPMI-IOSCO UTI, UPI and CDE Technical Guidance, including the revised rules by the US Commodity Futures Trading Commission and the European Securities and Markets Authority, as well as proposed rules by other authorities in Australia and Hong Kong. MAS expects that more jurisdictions will implement the CPMI-IOSCO UTI, UPI and CDE Technical Guidance in due course and considers that it is appropriate to update MAS' reporting requirements. With harmonised data elements, OTC derivatives data will be of higher quality and enable MAS to better monitor systemic risks and further use the data for supervisory and market surveillance purposes as well.

[1] OTC derivatives contracts which are subject to reporting requirements are prescribed in regulation 5 of the SF(RDC)R as a "specified derivatives contract".

1.4 This consultation paper sets out MAS' proposed approach in relation to UTI generation and the proposed reportable data fields under the SF(RDC)R, including UTI, UPI and CDE. **Annex A** contains a list of questions asked in this consultation paper, **Annexes B – D** sets outs tables and flowcharts related to the generation of UTI, **Annexes E and F** contain the draft revised First Schedule to the SF(RDC)R and the guidelines that supplement it respectively, and **Annex G** sets out the draft revised regulation 7 and new regulation 10AA of the SF(RDC)R. Annexes B to G are separately appended to this consultation paper.

1.5 MAS invites comments and feedback from interested parties on the proposed amendments.

Please note that all submissions received will be published and attributed to the respective respondents unless they expressly request MAS not to do so. As such, if respondents would like (i) their whole submission or part of it (but not their identity), or (ii) their identity along with their whole submission, to be kept confidential, please expressly state so in the submission to MAS. MAS will only publish non-anonymous submissions. In addition, MAS reserves the right not to publish any submission received where MAS considers it not in the public interest to do so, such as where the submission appears to be libellous or offensive.

1.6 Please submit written comments by 3 September 2021 at the link below:

https://form.gov.sg/60ab71ad91a1c7001107be14

1.7 For technical difficulties or any other queries, you may write to –

Markets Policy and Infrastructure Department
Monetary Authority of Singapore
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2 Proposed approach for the implementation of UTI

Introduction

2.1 The primary purpose for reporting a UTI for OTC derivatives contracts is to uniquely identify each reported contract, facilitate data aggregation and minimise the likelihood of double counting. Currently, the SF(RDC)R requires reporting entities to report a UTI in the following manner – for an uncleared OTC derivatives contract which is not electronically confirmed, a bilaterally agreed or internally generated UTI, and for any other OTC derivatives contract, a bilaterally agreed UTI[2]. This approach is an *interim measure* pending the adoption of the UTI Technical Guidance.

2.2 MAS agrees with the characteristics and approaches to UTI reporting as set out in the UTI Technical Guidance and intends to align MAS' UTI reporting requirement with the UTI Technical Guidance as far as possible by **amending the current UTI reporting requirement in the SF(RDC)R and issuing guidelines to provide clarity on MAS' expectation on the UTI generation and reporting requirements**. The following sections elaborate on MAS' proposed changes to the UTI reporting requirement and areas which MAS would like to seek views on.

Uniqueness of UTI and the impact of life cycle events

2.3 MAS proposes to amend the SF(RDC)R to require reporting entities to report a UTI which is uniquely assigned to each OTC derivatives contract. Where an OTC derivatives contract is reported more than once due to requirements in the SF(RDC)R[3] or reporting requirements of another jurisdiction (other than Singapore), the same UTI should be reported in all instances.

2.4 In addition, when a UTI is allocated to an OTC derivatives contract, the UTI should remain as the identifier throughout the life of the contract. Thus, when reporting any amendment, modification, variation or change to any information in relation to a previously reported OTC derivatives contract, reporting entities should continue to

[2] Please refer to item 1 of Part 1 of the First Schedule to the SF(RDC)R.

[3] For example, an OTC derivatives contract may be reported more than once where both counterparties to the contract are reporting entities and thus subject to reporting requirements under the SF(RDC)R.

reference the same UTI. To illustrate, reporting entities should continue to reference the same UTI in the following examples:

(a) change in any previously reported information, such as a revaluation, change in notional value or whether the contract has been confirmed;
(b) reporting of end-of-life events such as early termination; and
(c) correction of previously reported information, which was incorrect, unless the incorrect information is the UTI itself.

2.5 However, where a life cycle event terminates an OTC derivatives contract and/or replaces it with one or more new reportable OTC derivatives contracts, a new UTI should be generated and reported for each new reportable OTC derivatives contract[4]. Such life cycle events include the following:

(a) the original OTC derivatives contract is replaced by another contract which may occur due to compression or netting;
(b) a change to the counterparties to an OTC derivatives contract (e.g. where the OTC derivatives contract is novated for the purposes of being cleared); and
(c) where an OTC derivatives contract is terminated and replaced with one or more OTC derivatives contracts, whether or not they involve the same or different counterparties.

Question 1.	MAS seeks comments on the proposed requirement to report a UTI which is uniquely assigned to each OTC derivatives contract and to continue referencing the same UTI for the life of the contract.

Responsibility for generating UTI

2.6 To avoid the risk of multiple UTIs being generated for the same reportable OTC derivatives contract, only one entity should be responsible for generating the UTI for a reportable OTC derivatives contract. In this regard, the UTI Technical Guidance sets out a waterfall of factors ("**CPMI-IOSCO Waterfall**") for authorities to consider in allocating

[4] For avoidance of doubt, if there is more than one such change to be applied to a contract at the same time, then if any one of these changes would require a new UTI, a new UTI should be used.

responsibility for UTI generation, while acknowledging that not all factors would be relevant for all jurisdictions. Please refer to **Annex B** for the CPMI-IOSCO Waterfall.

2.7 Determining the entity responsible for generating the UTI ("**UTI-generator**") for cross-border OTC derivatives contracts is more challenging than that for domestic OTC derivatives contracts, given the need to ensure that there are no conflicts in the rules or requirements of the relevant jurisdictions. MAS' intention is to follow the CPMI-IOSCO Waterfall as closely as possible to facilitate a globally harmonised approach. Where there are potential conflicts with the rules or requirements of other jurisdictions, MAS will work with other regulators and the industry to find an appropriate solution. In this consultation, MAS has identified some potential areas that may need further consideration and seeks feedback on the possible approaches. MAS' proposed approach to determine the UTI-generator is discussed in paragraphs 2.9 to 2.19.

2.8 As mentioned in paragraph 2.2, MAS intends to publish guidelines to provide guidance on the steps to determine the UTI-generator for the purpose of the SF(RDC)R.

(A) Cross-jurisdictional OTC derivatives contracts

2.9 Based on the CPMI-IOSCO Waterfall, it is relevant to consider the cross-jurisdictional nature of an OTC derivatives contract (i.e. where the counterparties to the contract is subject to more than one jurisdiction's reporting rules) *only where it is non-centrally cleared and non-centrally executed* [5]. If the contract is cross-jurisdictional, the UTI generation rules of the jurisdiction with the sooner reporting deadline should be followed.

2.10 For a smooth implementation of the CPMI-IOSCO Waterfall, it would require that all jurisdictions recognise centrally-cleared and centrally-executed OTC derivatives contracts in a consistent manner for the purpose of UTI-generation; otherwise, an inconsistent application may create unintended conflicts between rules of different jurisdictions. For example, when two counterparties in different jurisdictions enter into an OTC derivatives contract on a trading venue, depending on the specific drafting of the rules, the two jurisdiction rules may not result in the same UTI-generator even though

[5] Steps 1 – 3 of the CPMI-IOSCO Waterfall determine the UTI-generator based on whether an OTC derivatives contract is centrally-cleared or centrally-executed. Thereafter, Step 4 of the CPMI-IOSCO Waterfall considers if the OTC derivatives contract is a cross-jurisdictional contract.

both jurisdictions follow the CPMI-IOSCO Waterfall; this is illustrated in the following scenario:

Scenario	**Jurisdiction X's rules**	**Jurisdiction Y's rules**
Entity **A-X** (a reporting entity in Jurisdiction X) enters into an OTC derivatives contract with Entity **B-Y** (a reporting entity in Jurisdiction Y) on a Trading Venue **C-Y** regulated in Jurisdiction Y. Jurisdiction X has a sooner reporting deadline than Jurisdiction Y.	Under Jurisdiction X's rules, where a contract is entered into on a trading venue *licensed in Jurisdiction X*, the trading venue will be the UTI-generator; Otherwise, the reporting entity will be the UTI-generator. Where a contract is cross-jurisdictional, UTI-generator will be determined in accordance with the rules of the jurisdiction with the sooner reporting deadline. In this scenario, **Entity A-X (and not Trading Venue C-Y, or Entity B-Y) will ascertain that it is the UTI-generator** because: (a) Trading Venue C-Y is not licensed in Jurisdiction X. (b) In going down the hierarchy, Entity A-X notes that this is a cross-jurisdictional transaction, and ascertains that it is the UTI-generator given that Jurisdiction X has a sooner reporting deadline than Jurisdiction Y, and therefore Jurisdiction X's rules should be followed.	Under Jurisdiction Y's rules, where a contract is entered into on a trading venue, the trading venue will be the UTI-generator (regardless of where the trading venue is licensed); Otherwise, where a contract is cross-jurisdictional, the UTI-generator will be determined in accordance with the rules of the jurisdiction with the sooner reporting deadline. In this scenario, **Entity B-Y will ascertain that Trading Venue C-Y is the UTI-generator**, *before* considering whether the contract is cross-jurisdictional.

2.11 To avoid any unintended conflicts with the rules of other jurisdictions, **one possible option is to prioritise the determination of cross-jurisdictional contracts higher in the waterfall**. This means that a counterparty to the contract will first determine if the contract is cross-jurisdictional before assessing whether the contract is centrally-cleared or centrally-executed. **Where a contract is cross-jurisdictional, the UTI-generator will be determined based on the rules of the jurisdiction with the sooner reporting deadline**. In the above illustrated scenario, *if Jurisdiction Y prioritises the determination of cross-*

jurisdictional contracts in its rules, Entity B-Y would ascertain that UTI-generator will be determined by following Jurisdiction X's rules as Jurisdiction X has the sooner reporting deadline, thereby avoiding a conflict. This may, however, be perceived as a deviation from the CPMI-IOSCO Waterfall, and it is unclear whether there are implementation challenges associated with this alternative. **Annex C** contains the flowchart illustrating steps strictly following CPMI-IOSCO Waterfall approach while **Annex D** contains the flowchart illustrating this alternative option of prioritising the determination of a cross-jurisdictional contract.

2.12 Where **no jurisdiction** has a sooner reporting deadline[6], MAS proposes that the UTI-generator be determined in the following manner:

(a) for contracts that are centrally-cleared, the **central clearing counterparty** ("**CCP**") will be the UTI-generator. Otherwise, the **clearing member** will be the UTI-generator;

(b) for contracts that are centrally-executed but *not* centrally-cleared, the **trading venue** will be the UTI-generator;

(c) for contracts which are *neither* centrally-cleared *nor* centrally-executed:

(i) the UTI-generator will be **the entity as agreed by the counterparties** to the contract;

(ii) otherwise, if the contract was electronically confirmed, the **confirmation platform** will be the UTI-generator;

(iii) otherwise, if the contract will be reported to a single trade repository, the **trade repository** will be the UTI-generator;

(iv) otherwise, as a last resort, **one of the counterparties of the contract** will be the UTI-generator: based on sorting of the identifiers of the

[6] For example, the trade is required to be reported in Singapore and Hong Kong which are in the same time zone and have the same reporting deadline.

counterparties with the characters of the identifier reversed and picking the counterparty that comes first in this sorted sequence[7].

This is also set out in the flowcharts in **Annex C** and **D**.

2.13 Establishing an agreement (mentioned in paragraph 2.12(c)(i)) on the UTI-generator with all counterparties in jurisdictions in the same time zone and with the same reporting deadline could be challenging for some reporting entities, especially if they have many such counterparties. To ease the operationalisation, one possible approach is for counterparties to follow the UTI-generation rules of the jurisdiction which appears first in an "agreed" list of jurisdictions. For example, the "agreed" list of jurisdictions could be sorted alphabetically. In this case, in a cross-jurisdictional trade between a Singapore entity and a Hong Kong entity, where no jurisdiction has a sooner reporting deadline (as Singapore and Hong Kong are in the same time zone and have the same reporting deadline of T + 2), counterparties would follow Hong Kong's rules to determine the UTI-generator (as the "agreed" list of jurisdictions would alphabetically sort Hong Kong before Singapore). Such an approach could be implemented by the industry (e.g. via industry associations such as the International Swaps Derivatives Association) or via regulators (whose efforts should be coordinated by an international body for global harmonisation).

Question 2.	(a) What are the implementation and operational uncertainties or challenges that a reporting entity may face in determining the UTI-generator for cross-jurisdictional contracts **<u>if</u>** MAS (i) strictly follows the CPMI-IOSCO Waterfall (ref **Annex C**), or (ii) prioritises the determination of a cross-jurisdictional contract higher in the waterfall (ref **Annex D**)? (b) On balance, which option in (a) is preferred? (c) What are the possible ways to address such potential conflicts with the rules of other jurisdictions?

[7] For example, if Counterparty 1's LEI is "61234ABC11234" and Counterparty party 2's LEI is "55678ABC55678", the reversal of the LEI of Counterparty 1 and Counterparty 2 will be read as "43211CBA43216" and "87655CBA87655" respectively. Based on the sorting of the reversed LEIs, Counterparty 1 will be the UTI-generator.

Question 3. For a cross-jurisdictional OTC derivatives contract where no jurisdiction has a sooner reporting deadline, –

(a) Is the hierarchy set out in paragraph 2.12 feasible?

(b) What are the specific implementation and operational uncertainties or challenges that a reporting entity may face in determining the UTI-generator for such OTC derivatives contracts?

(c) What are the possible ways to address such challenges?

(d) Do you support adopting an "agreed" list approach? If so, how should it be implemented?

(B) OTC derivatives contracts that are centrally-cleared, or centrally-executed but not centrally-cleared

2.14 For OTC derivatives contracts that are **centrally-cleared**, MAS proposes that the **CCP** or the **clearing member** that is a party to the contract generates the UTI, and this applies to both the principal and agency clearing model[8], as the case may be. For OTC derivatives contracts that are **centrally-executed but not centrally-cleared**, MAS proposes that the **trading venue** generates the UTI. Having considered the possibility that a CCP, clearing member or trading venue may be unable or unwilling to generate the UTI[9], MAS further proposes that in such a scenario, reporting entities could identify a UTI-generator by going to the next step *as if* there is no CCP, clearing member or trading venue involved. This will help to avoid the scenario that a reporting entity is unable to identify a UTI-generator in a situation that is beyond the control of the reporting entity. The mechanism of the proposed steps is illustrated in **Annex C** (in the case where the CPMI-

[8] The principal clearing model is where the clearing member ("**CM**") is the principal to a client's transaction, and the CM enters into "back-to-back" transactions between itself and the CCP for clearing purposes. In the principal clearing model, the CCP does not deal directly with the client, and for the most part, recognises only the CM in relation to the cleared transaction. In contrast, in the agency clearing model, the transaction is between the **CCP** and the **client**. The CM is not a party to the transaction as it only serves as an agent to the client with a role to guarantee the client's performance to the CCP.

[9] For example, a CCP, clearing member or trading venue could face operational difficulties or is not obligated to generate the UTI, or a CCP, clearing member or trading venue could be in a jurisdiction that has not yet commenced the requirement to generate a UTI.

IOSCO Waterfall is adopted) and **Annex D** (in the case where the alternative option of prioritising the determination of a cross-jurisdictional contract is adopted).

Question 4. (a) MAS seeks views on the proposal –

(i) for a CCP, clearing member or trading venue to be the UTI-generator for OTC derivatives contracts that are centrally-cleared or centrally-executed but not centrally-cleared, as the case may be; and

(ii) where the CCP, clearing member or trading venue is unable or unwilling to generate the UTI, for reporting entities to identify a UTI-generator by going to the next step *as if* no CCP, clearing member or trading venue is involved.

(b) What are the specific implementation and operational uncertainties or challenges that a reporting entity may face for the proposal in (a)?

(C) OTC derivatives contracts that are not cross-jurisdictional, and neither centrally-cleared nor centrally-executed

2.15 Where counterparties to the OTC derivatives contract are only subject to the reporting obligations of one jurisdiction, such a contract is considered as a **domestic contract**. For domestic contracts which are neither centrally-cleared nor centrally-executed, and where only one counterparty to the contract is subject to reporting obligations under the SFA (i.e. the reporting entity), MAS proposes that the reporting entity generates the UTI[10].

2.16 For domestic contracts where both counterparties are subject to reporting obligations under the SFA, MAS proposes that the UTI-generator be determined in the following manner:

(a) for contracts which are electronically confirmed, the **confirmation platform** will be the UTI-generator;

[10] The reporting entity could also delegate the responsibility of generating UTI to another party who is willing and able to do so.

(b) otherwise, the UTI-generator will be **the entity as agreed by the counterparties** to the contract;

(c) otherwise, if the contract will be reported to a single trade repository, the **trade repository** will be the UTI-generator;

(d) otherwise, as a last resort, **one of the counterparties to the contract** will be the UTI-generator: **based on sorting of the identifiers** of the counterparties with the characters of the identifier reversed and picking the counterparty that come first in this sorted sequence[11].

2.17 The proposed steps are illustrated in **Annex C and D**.

Question 5.	(a) For domestic contracts which are (i) neither centrally-cleared nor centrally-executed and (ii) where only <u>one</u> counterparty is subject to reporting obligations, MAS seeks views on the proposal for the reporting entity to be the UTI-generator [10]. (b) What are the specific implementation and operational uncertainties or challenges that a reporting entity may face with this approach?
Question 6.	(a) For domestic contracts which are (i) neither centrally-cleared nor centrally-executed, and (ii) where <u>both</u> counterparties are subject to reporting obligations, MAS seeks views on the hierarchy set out in paragraph 2.16. (b) What are the specific implementation and operational uncertainties or challenges that a reporting entity may face with this approach?

<u>(D) Implications on agency reporting requirements under the SFA</u>

2.18 Under the SFA, a reporting entity, who executes or causes an OTC derivatives contract to be executed as an agent of a party to the contract, is required to report the contract if it is booked in or traded in Singapore. Given that an agent to the transaction is typically <u>not</u> a counterparty to the contract, MAS does <u>not</u> expect a reporting entity which is acting as an agent to be a UTI-generator. Instead, such a reporting entity would obtain

[11] For example, if Counterparty 1's LEI is "61234ABC11234" and Counterparty party 2's LEI is "55678ABC55678", the reversal of the LEI of Counterparty 1 and Counterparty 2 will be read as "43211CBA43216" and "87655CBA87655" respectively. Based on the sorting of the reversed LEIs, Counterparty 1 will be the UTI-generator.

the UTI from the UTI-generator or counterparties to the OTC derivatives contract. Please refer to the next sub-section on "Responsibility to provide or obtain a UTI in a timely manner".

2.19 However, in the scenario where:

(a) no counterparty to an OTC derivatives contract has a reporting obligation in Singapore or elsewhere; and

(b) a reporting entity executes or causes the OTC derivatives contract to be executed as an agent of a party to the contract that is booked in or traded in Singapore,

the UTI-generator should be determined according to sub-sections B and C (above) by replacing "counterparties" with "agents of parties to the contract". For example, if the OTC derivatives contract is centrally-cleared, the CCP should generate the UTI; if the OTC derivatives contract is non-centrally-cleared and non-centrally-executed, and there is only **one** reporting entity acting as an agent of a party to the OTC derivatives contract, the reporting entity should generate the UTI, but if there are **two** reporting entities acting as agents in the OTC derivatives contract, then the reporting entities should determine the UTI-generator by following the steps in sub-section C.

Question 7.	For OTC derivatives contracts where (i) no counterparty to the contract has reporting obligations in Singapore or elsewhere and (ii) a reporting entity executes or causes the contract to be executed as an agent of a party to the contract that is traded in or booked in Singapore, MAS seeks views on the proposal for the UTI-generator to be determined by replacing "counterparties" with "agents of parties to the contract" in sub-sections B and C.

Responsibility to provide or obtain a UTI in a timely manner

2.20 MAS generally expects that UTIs be generated in a timely manner for compliance with the reporting deadline in the SF(RDC)R and in other jurisdictions. To facilitate the timely identification of a UTI-generator, MAS encourages UTI-generators (which may or may not be a reporting entity) to inform their counterparties or clients that it can generate a UTI. Where a reporting entity is the UTI-generator, it should make reasonable efforts to provide the UTI in a timely manner to any entity who requests for the UTI to comply with the SF(RDC)R or the reporting requirements of another jurisdiction. Conversely, if a reporting entity is not the UTI-generating entity, it should make reasonable efforts to

obtain the UTI, whether from the UTI-generating entity or a counterparty to the OTC derivatives contract, in a timely manner to comply with the SF(RDC)R. In this regard, MAS expects each reporting entity to establish internal policies and arrangements commensurate with the scale of its business to obtain UTIs in a timely manner.

2.21 MAS recognises that it may not always be possible to obtain the UTI from the relevant person even if one has made reasonable efforts to do so. As such, MAS further proposes that, where a reporting entity is unable to obtain the UTI within the reporting deadline despite having made reasonable efforts, the reporting entity may internally generate an *interim-UTI* and report that *interim-UTI*, while it continues to make reasonable efforts to obtain the UTI from the UTI-generator or a counterparty to the contract. Where the reporting entity subsequently obtains the UTI from the UTI-generator, it should report the UTI no later than 2 business days after obtaining the UTI.

Question 8.	MAS seeks views on the proposals to require reporting entities to make reasonable efforts to provide or obtain a UTI in a timely manner, and for reporting entities to report an *interim-UTI* where it is unable to obtain the UTI despite having made reasonable efforts. What are the specific implementation or operational uncertainties or challenges that a reporting entity may face with this proposal?

3 Proposed changes to the reportable data fields in the First Schedule to the SF(RDC)R

3.1 OTC derivatives data assist authorities to monitor risks in the OTC derivatives market and conduct investigation concerning market abuse. OTC derivatives data can also be a useful source of information in times of crisis for the purpose of resolution of financial institutions. The First Schedule to the SF(RDC)R sets out the data fields required to be reported for each OTC derivatives contract. MAS is proposing to amend the First Schedule to the SF(RDC)R to include additional data fields which will assist MAS to effectively carry out our duties, as well as to align the definitions of common data fields to the CDE Technical Guidance [12] as closely as possible. In addition, MAS is proposing to issue guidelines to supplement the First Schedule to the SF(RDC)R to provide guidance on the interpretation of the data fields. Where there are international standards available for the structure and format of a data field value (e.g. for UTI[13]), MAS is proposing to adopt them. Where international standards are not yet fully developed (e.g. field 52 on custom basket's constituent unit of measure and field 98 on price unit of measure, which are being developed by CPMI-IOSCO), MAS will defer reporting of these fields and update the field values requirements as the standards become available. Where there are data fields not covered by the CDE Technical Guidance but are also required to be reported by other authorities, MAS intends to align the definitions with those used by other authorities as closely as practicable to facilitate global reporting. **Annex E** contains the draft revised First Schedule to the SF(RDC)R[14], and **Annex F** contains the draft Guidelines.

[12] The Regulatory Oversight Committee ("**ROC**") has, on 5 May 2021, released a consultative document on proposed changes to several CDE fields in terms of the field values and descriptions. It is MAS' intention to adopt the field values and align with the descriptions that will eventually be finalised by the ROC. In this regard, we note that fields 14, 56, 58, 76 and 113-133 in **Annex E** and **F** would be affected by the ROC's consultation.

[13] The UTI Technical Guidance provides that UTIs should be structured as a concatenated combination of the LEI of the UTI-generator at the point of generation and a unique value created by that entity, and formatted with a maximum of 52 characters constructed solely from upper-case alphabetic characters A-Z or the digits 0-9 (inclusive in both cases). Where the generation of the UTI has been delegated to a third party, the LEI to be embedded in the UTI should be that of the third party.

[14] The draft revised First Schedule adopts a slightly different format from the current First Schedule. Different parts of the SF(RDC)R make reference to the First Schedule. Hence, amendments may be made to other parts of the SF(RDC)R as a consequence of this change.

Question 9.	MAS seeks comments on the proposed data fields, definitions and allowable values as set out in the draft revised First Schedule to the SF(RDC)R and the draft Guidelines. Where there are data fields that you consider should be excluded, please elaborate on the rationale.
Question 10.	Are there other data fields that MAS should consider including? If so, please suggest these additional data fields along with the definition and the purpose of the suggested fields.

UPI

3.2 The purpose of UPI is to denote a specific OTC derivatives product reported to a trade repository to facilitate global data aggregation of the specific product in the OTC derivatives market.

3.3 In 2019, the Derivatives Services Bureau Ltd ("**DSB**") was designated by the Financial Stability Board ("**FSB**") to be the service provider of the *global UPI* system, which is expected to be implemented no later than Q3 of 2022[15]. As of this consultation, DSB is in the process of developing the *global UPI* system.

3.4 Currently, the allowable value for UPI in the First Schedule to SF(RDC)R is an alphanumeric string denoting the product type of the OTC derivatives contract (e.g. ISDA product taxonomy). Under the *global UPI* system, the allowable value for UPI will be a code generated by or through DSB that is expected to contain reference data elements representing a unique OTC derivatives product, comprising information on (i) instrument type (e.g. forward, option, swap), (ii) instrument characteristics (e.g. physical delivery, Bermudan exercise, etc.) and (iii) elements of the underlier (e.g. asset class, identifier).

3.5 Until such time when the *global UPI* becomes available, reporting entities will continue to report the UPI field based on current requirements. When the *global UPI* becomes available, MAS will update the Guidelines to the First Schedule to the SF(RDC)R to require the reporting of *global* UPI generated by or through DSB. In this regard, MAS will provide a transition period for reporting entities to prepare for the change.

[15] FSB. (2019). Governance arrangements for the UPI.

3.6 Also, before the *global UPI* is implemented, MAS proposes to continue requiring reporting entities to report information on instrument type, instrument characteristics and elements of the underlier so that MAS continues to have access to this information. When the transition to the *global UPI* is completed, MAS will consider removing from the First Schedule to the SF(RDC)R certain data fields which capture information contained within the *global UPI*.

Question 11. MAS seeks views on –

(a) The proposal to require the use of *global UPI* in reporting the UPI field when the *global UPI* is implemented;

(b) The length of transition period that is appropriate for the transition to *global UPI*; and

(c) The proposed approach to continue requiring reporting of all UPI reference data elements until transition to global UPI.

Directional Elements

3.7 The CDE Technical Guidance has identified two ways to report elements that relate to the direction (i.e. buyer, seller, payer or receiver) of the trade: direction of the trade from the reporting entity's perspective[16], or identifier of the counterparty for each direction. MAS is proposing to adopt the former – i.e. direction of the trade from the reporting entity's perspective (see fields 5 to 7).

Question 12. MAS seeks comments on the proposal to report the direction of the trade that the reporting entity is taking (instead of the identifiers of the counterparties for the respective directions of the trade).

Collateral & Margin

3.8 For fields related to Collateral & Margin (i.e. fields 58 to 76), MAS proposes to not require such information to be reported for OTC derivatives contracts where the

[16] In the case of a reporting entity that is acting as an agent in relation to the derivatives contract, this refers to the perspective of the party to the contract that the reporting entity is acting for.

reporting entity is not a counterparty to the contract[17], given that the reporting entity, as a facilitator of the transaction, is likely not to have such information[18]. However, MAS does not intend for this proposal to be extended to the case of a fund/real estate investment trust ("**REIT**") manager executing OTC derivatives contracts on behalf of a fund/REIT it manages, i.e. a fund/REIT manager would be required to provide Collateral & Margin information given the inherent role a fund/REIT manager plays in managing a fund/REIT. This proposal is reflected in the proposed regulation 10AA of the SF(RDC)R, as set out in **Annex G**. For ease of reference, the proposed amended regulation 7 of the SF(RDC)R is also included in **Annex G**.

Question 13.	MAS seeks comments on – (a) the proposal to not require the reporting of data fields relating to Collateral & Margin where the reporting entity is not a counterparty to the OTC derivatives contract, and not to extend the proposal to fund/REIT managers where the OTC derivatives contract is executed for the fund/REIT that a fund/REIT manager manages; and (b) draft regulation 10AA of the SF(RDC)R to effect the proposal in (a).
Question 14.	Are there other data fields that reporting entities, which are not a counterparty to the OTC derivatives contract, would face challenges in reporting? Please elaborate on these data fields and the challenges.

Custom Basket

3.9 MAS is proposing to require the reporting of data fields relating to Custom Basket[19] (i.e. fields 50 to 53). However, MAS notes that the field values for field 52 "Basket

[17] For example, a reporting entity (Agent A) that executes a derivatives contract on behalf of another party (Party B) who is not a reporting entity.

[18] Exchange of margins/collaterals is typically separately negotiated by the counterparties to a contract, depending on their respective credit assessment of and exposures to each other. Hence an agent to a party to the contract is unlikely to be updated of the information in the process of trade intermediation and execution.

[19] Unlike the case of a typical benchmark or index, where the components or assets underlying the benchmark or index are "standardised", a custom basket refers to the case where a group of underlying assets is customised for particular contract(s).

constituent unit of measure" have not yet been developed internationally[20], and those for field 50 "Identifier of the basket's constituents" and field 51 "Source of the identifier of the basket constituents" are dependent on the implementation of *global UPI.* As such, we propose to only commence reporting of all Custom Basket fields after international guidance is made available on field 52 "Basket constituent unit of measure" and the *global UPI* system is implemented. At that time, a transition period will be provided so that reporting entities could prepare for the change.

Question 15.	MAS seeks comments on the proposal to (a) require the reporting of Custom Basket fields (50 to 53), and (b) defer reporting of all Custom Basket fields until international standards on *global UPI* and the "Basket constituent unit of measure" values are both finalised.

Foreign Exchange Swaps

3.10 The practice for reporting foreign exchange swaps varies across jurisdictions. One practice is for such a swap to be reported as two separate contracts[21] (as currently adopted by MAS) while another is for the swap to be reported as a single contract[22]. Having a foreign exchange swap reported as a single contract would aid in data analysis. As such, we are considering whether to require foreign exchange swaps to be reported as a single contract. [23]

Question 16.	MAS seeks comments on the pros and cons and the potential challenges that a reporting entity may face if MAS requires foreign exchange swaps to be reported as a single contract.

[20] CPMI-IOSCO CDE Technical Guidance provides that "a list of allowable values and their format will be provided to the CDE maintenance and governance framework, which will be developed by the CPMI and IOSCO".

[21] The two contracts are linked by a "Swap link ID" field, which reporting entities currently report to the trade repository although it is not a field in the First Schedule to the SF(RDC)R. MAS intends to include the "Swap link ID" field in the First Schedule to the SF(RDC)R (see field 33), if we continue with the practice of reporting a foreign exchange swap as two separate contracts.

[22] A "Forward exchange rate" field will have to be introduced for reporting of the exchange rate of the far leg of the swap (see field 111).

[23] Either field 33 or field 111 will be adopted, after taking into consideration feedback received.

4 Implementation Timeline and Approach

4.1 Internationally, regulators in major jurisdictions are making changes to their OTC derivatives reporting regimes to implement the UTI, UPI and CDE Technical Guidances. It could be resource intensive for reporting entities with global operations to simultaneously implement changes to their systems and processes in several jurisdictions. To allow reporting entities the time to prepare for implementation in various jurisdictions, MAS intends to finalise the reportable data fields in the First Schedule to the SF(RDC)R and the UTI Guidelines by Q2 2022 and implement the revised requirements in Q2 2023[24].

Question 17. MAS seeks comments on the proposed implementation timeline.

Treatment of existing contracts

4.2 For existing contracts, i.e. contracts entered into prior to the effective date of the revised First Schedule to the SF(RDC)R, MAS proposes to require re-reporting only when the contract has remaining maturity of at least one year as at the effective date of the revised First Schedule of the SF(RDC)R ("**Reportable Existing Contract**"). As reporting entities would need time to gather the information required, MAS further proposes that reporting entities be provided six months to report these Reportable Existing Contracts. Once a Reportable Existing Contract is re-reported (whether on the last day of the 6-month period or before that), any change to any of the data fields required under the revised First Schedule to the SF(RDC)R will need to be reported within 2 business days. For the avoidance of doubt, where there is a change to any of the existing data fields in the *current* First Schedule to the SF(RDC)R during the transition period (before the contract is re-reported based on the revised First Schedule), reporting entities are required to continue to report such updates for these Reportable Existing Contracts within 2 business days per the current requirement.

4.3 This means that existing contracts maturing within one year from the effective date of the revised First Schedule to the SF(RDC)R need not be re-reported. However, where there is a change to any of the existing data fields (as highlighted in paragraph 4.2 above) in the *current* First Schedule to the SF(RDC)R until the contract matures, expires or

[24] For clarity, fields identified in paragraphs 3.1 and 3.9 that are dependent on international developments may be implemented at a later time.

is terminated, reporting entities are required to continue to report such updates within 2 business days per the current requirement.

Question 18.	MAS seeks feedback on – (a) The proposed approach of requiring re-reporting of existing contracts with maturity of at least one year as at the effective date of the revised First Schedule of the SF(RDC)R, and providing a 6-month transition period for these Reportable Existing Contracts to be re-reported; and (b) Whether there are particular fields which a reporting entity may face significant challenges in reporting for Reportable Existing Contracts. If so, please elaborate on these data fields and the challenges.

5 Adoption of ISO 20022 Standard

5.1 As set out in the CPMI-IOSCO Governance Arrangements for critical OTC derivatives data elements (other than UTI and UPI), CDE data elements will be included in the ISO 20022 data dictionary and an ISO 20022 message format will be developed for OTC derivatives reporting[25]. MAS recognises the benefits of a single standard for OTC derivatives reporting, and we intend to adopt the ISO 20022 XML message format for OTC derivatives reporting to the trade repository. If MAS were to implement the use of ISO 20022 XML message format, consideration would need to be accorded to the time that the industry needs to make system changes to support the use of the message format.

Question 19.	MAS seeks feedback on the potential adoption of the ISO 20022 XML message format for OTC derivatives reporting to the trade repository, and the amount of time that the industry will need to support the use of the standard.
Question 20.	If MAS were to adopt the ISO 20022 XML message format for OTC derivatives reporting to the trade repository, would it be preferred that this is implemented (a) at the same time as the implementation of the revised First Schedule to the SF(RDC)R which is targeted for Q2 2023, or (b) after the implementation of the revised First Schedule to the SF(RDC)R (i.e. two-phase implementation)? Please provide reasons for your preference.

[25] Governance Arrangements for critical OTC derivatives data elements (other than UTI and UPI).

Annex A

LIST OF QUESTIONS

Monetary Authority of Singapore