Capital Markets Policy Division
Markets Policy and Infrastructure Department

The Monetary Authority of Singapore
10 Shenton Way
MAS Building
Singapore 079117

By email: derivatives@mas.gov.sg

**6 June 2016**

Dear Sirs,

**Re: Draft First Schedule Data Fields for Industry Review**

Thankyou very much for allowing us the opportunity to provide comments on the draft First Schedule. We sincerely appreciate MAS' ongoing outreach to members to facilitate the development of the most efficient, cost-minimised regime possible. Our comments have been provided as mark-ups and comments on the draft First Schedule, as requested by MAS.

Since 1985, ISDA has worked to make the global derivatives markets safer and more efficient. Today, ISDA has over 850 member institutions from 67 countries. These members comprise a broad range of derivatives market participants, including corporations, investment managers, government and supranational entities, insurance companies, energy and commodities firms, and international and regional banks. In addition to market participants, members also include key components of the derivatives market infrastructure, such as exchanges, intermediaries, clearing houses and repositories, as well as law firms, accounting firms and other service providers. Information about ISDA and its activities is available on the Association's web site: www.isda.org.

ISDA is actively engaged with providing input on regulatory proposals in the US, Canada, the EU and the Asian jurisdictions, including Hong Kong and Australia, among others. Our comments are derived from this international experience and constant dialogue, and reflect the views of firms in the Asia-Pacific region and further afield. As OTC derivatives tend to be cross-border in nature, we wish to highlight the importance of attaining efficiencies and minimising regulatory divergence through globally-consistent requirements, methodologies and practices, to the extent possible. In particular, we would highlight our February 2015 principles paper, *Improving Regulatory Transparency of Global Derivatives Markets: Key*

**International Swaps and Derivatives Association, Inc.**
Suite 1602, China Building
29 Queen's Road Central
Central, Hong Kong
**P** 852 2200 5900
*www.isda.org*

NEW YORK
WASHINGTON
LONDON
BRUSSELS
HONG KONG
SINGAPORE
TOKYO

ISDA

*Principles* [1], which sets out ISDA's recommendations on how to improve the quality of reporting, including a key recommendation that regulatory reporting requirements be harmonised as much as possible, both within and across borders.

We therefore encourage the MAS to continue to have regard to the development of standards, methods and consistent reporting requirements in jurisdictions within this region, further afield and at supranational level, and to align its requirements as much as possible with those already in existence, utilising industry learnings to date and building on the experience of implementation in those regimes.

To this end, we also draw your attention to the attached joint response[2] to the CPMI-IOSCO Consultative report[3] on Harmonisation of key OTC derivatives data elements (other than UTI and UPI) – first batch. A number of the fields proposed by MAS in the draft First Schedule were part of this CPMI-IOSCO consultation, and the recommendations expressed within the response represent the views of members across all the joint associations, across the entirety of major reporting regimes in jurisdictions that have implemented trade reporting – reflecting on their experiences and learnings with implementations of reporting. As CPMI-IOSCO is the global standard-setter which will play a central role in driving consensus, consistency and harmonisation in reporting (which will accelerate realisation of the objectives of G-20 reporting), we strongly encourage MAS to consider the recommendations in the response.

We also wish to note the continued global uncertainty on how fields related to collateral reporting may be harmonised. As MAS notes, collateral reporting has commenced in Australia, the EU and US, however unfortunately, a harmonised, globally-consistent approach on the definitions, form, manner and requirements of collateral reporting has not yet emerged, and fundamental differences do remain. Until this harmonised approach is reached, inconsistencies will remain and more importantly, regulators will be hampered in their ability to obtain clear and useful collateral information.

Current ESMA and ASIC requirements are that collateral reporting is only required when the reporting entity is posting collateral, while CFTC requirements are for reporting regardless of whether an entity is posting or receiving. We understand that the majority of members globally have adopted EMIR-style collateral reporting, due to the operational challenges in implementing CFTC-style collateral reporting. While appreciating MAS' efforts to accommodate both reporting styles, this example highlights our concerns about divergence across regulatory regimes. We submit that the time is still not right to impose collateral reporting requirements. We encourage MAS to defer implementation of these fields until

[1] Available at http://www2.isda.org/functional-areas/technology-infrastructure/data-and-reporting/reporting/

[2] Available at http://www2.isda.org/functional-areas/technology-infrastructure/data-and-reporting/responses/page/2

[3] Available at http://www.bis.org/cpmi/publ/d132.pdf

greater clarity emerges on how these fields should be reported (eg; at CPMI-IOSCO level). With BCBS-IOSCO margin requirements for non-centrally cleared derivatives taking effect from September this year, a push by industry and regulators to globally harmonise reporting requirements for collateral can be expected to follow shortly thereafter.

We also note that MAS has informally indicated an agreement to defer the timing of implementation of the proposed requirements until early 2017. We sincerely thank MAS for its continued understanding of the complexities of implementation and associated timeframes, and note that allowing reporting entities sufficient time to make necessary system changes also significantly reduces the operational risks that arise with any new build. Related to this, we note that Chinese Lunar New Year falls at the end of January 2017, and Singaporean UTI requirements are scheduled to commence from 1 February 2017. This already means that there will be significant demands on specified persons due to the number of IT changes required to perform development and testing. Should the timeline for all the new reporting requirements also fall around this date, this would make those demands excessive. In the interests of keeping implementations manageable while concurrently minimising operational risk, members request that the commencement dates remain staggered appropriately, as was originally proposed.

We would very much look forward to further discussions on the draft First Schedule, to ensure that the finalised requirements optimally reflect MAS' regulatory objectives, global harmonisation of reporting requirements and minimised cost of implementation for reporting entities. We are also very happy to explain the comments in our response over a phone call, as we believe that doing so will allow for a more efficient process which may permit members a further opportunity for the industry to review a later draft of the First Schedule. Please do not hesitate to contact Rishi Kapoor at rkapoor@isda.org or on +852 2200 5907.

Yours faithfully,

For the International Swaps and Derivatives Association, Inc.

Rishi Kapoor

Director, Policy, Asia-Pacific

Keith Noyes

Regional Director, Asia-Pacific