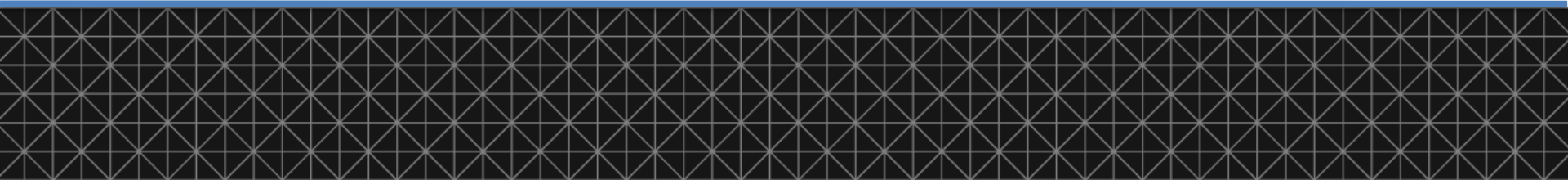


# Systemic Risk

## *Field Analysis*

### Credit Derivatives

June 2015





Securing Today. Shaping Tomorrow.™

## Background:

In considering the global data aggregation challenge, DTCC has performed analysis to determine what are the critical global fields to enable systemic risk analysis. We have assumed that systemic risk analysis is the primary driver for global data aggregation as each jurisdiction will only have access to its local TR(s) for access to data in region for other supervisory purposes, such as market abuse and enforcement.

---

## Steps Taken:

DTCC has been operating a credit derivatives warehouse platform since 2006 called Trade Information Warehouse. Using this data set, DTCC provided regulatory reports for ODRF and also embarked on a proof-of-concept for authorities to access systemic risk build up using certain stress scenario inputs. Leveraging this experience and also observing the data we receive into our regulated global trade repository which currently supports 9 jurisdictions globally, DTCC provides the following recommendations.

---

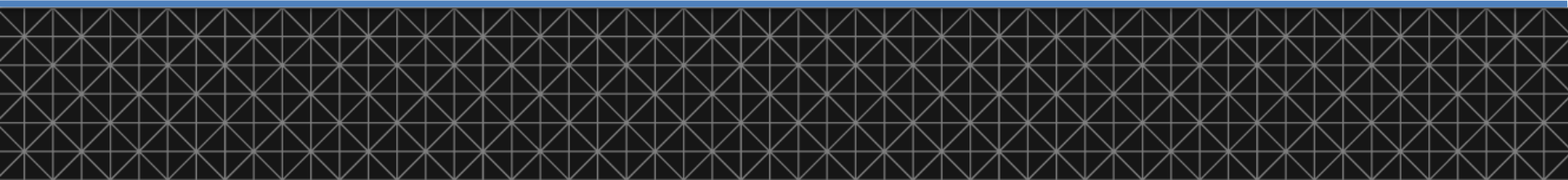
## Recommendation:

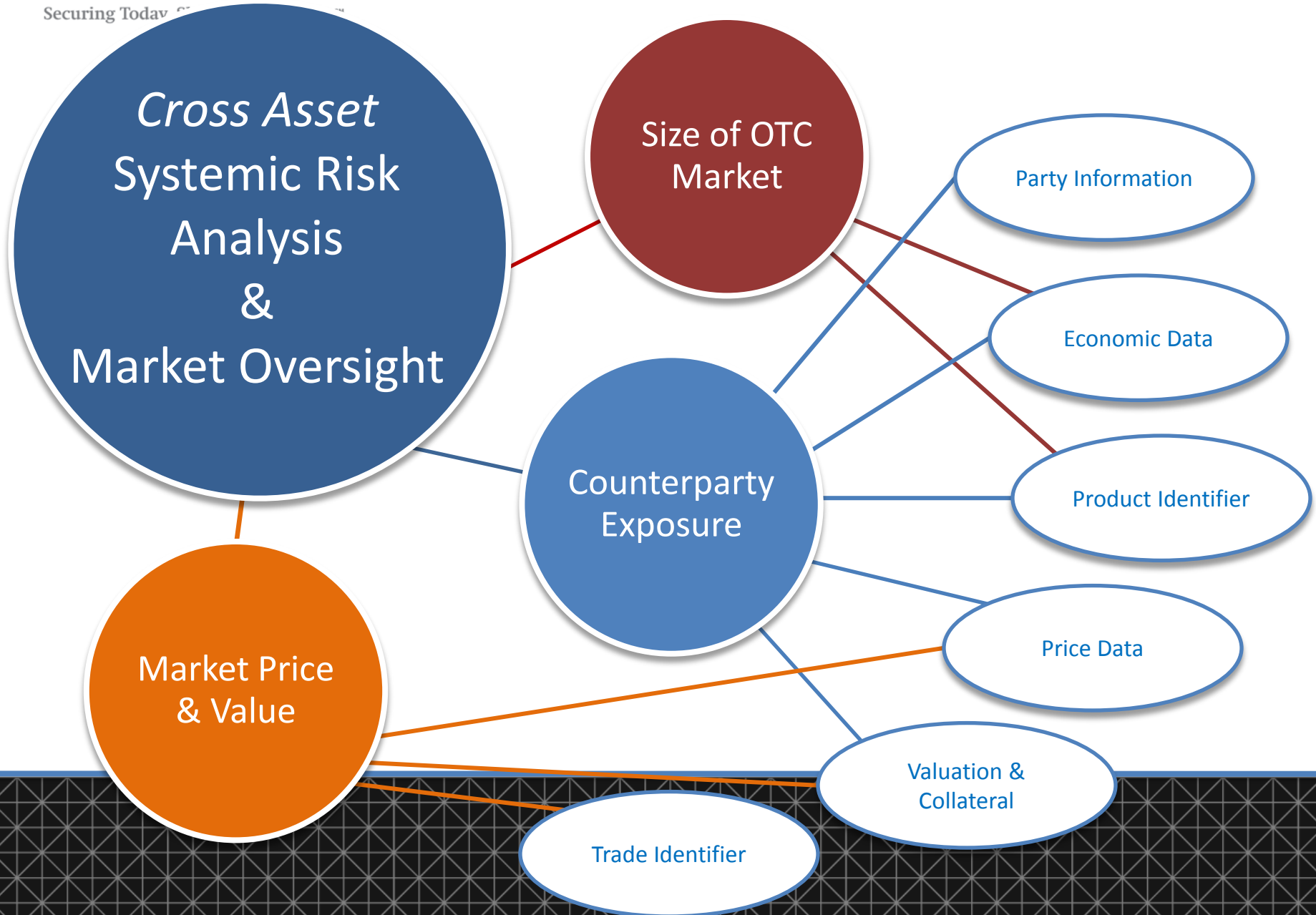
DTCC recommends that the following fields are globally important to systemic risk and that standard data definitions, values and formats be developed for them. Toward this end, we support ISDA's view that a global data dictionary should be established that all jurisdictions align with. This global data dictionary would build upon existing data standards and be developed through the collaboration of market participants and regulators in an open and transparent process.

---

## Requests:

CPMI to review the following recommendation for credit derivatives and advise if agreement regarding the proposed fields. Based on such feedback, DTCC would be happy to continue to provide proposals for the other asset classes as a means to accelerating CPMI's efforts to identify the key fields needed.





## GLOBAL REGULATORS

### Credit Derivatives

Trade Identifier

Party Information

Economic Data

Product Identifier

Price Data

Valuation & Collateral

- Global Unique Trade Identifier

- Trade Party 1 ID Identifier
- Trade Party 2 ID Identifier
- Trade Party 1 Branch Identifier
- Trade Party 2 Branch Identifier
- Trade Party 1 Sector Classification
- Trade Party 2 Sector Classification
- Direction

- Trade Date
- Effective Date
- Scheduled Termination Date
- Option Expiration Date
- Current State Notional
- Current State Notional Currency
- Fixed Rate
- Payment Frequency
- Option Type
- Option Style
- Option Strike Price
- Attachment Point
- Exhaustion Point
- Option Premium Amount
- Option Premium Currency

- Global Unique Product Identifier
- Restructuring Credit Event

- Price Type
- Price
- Additional Payment Amount
- Additional Payment Currency
- Additional Payment Date
- Additional Payment Payer

- Mark to Market Amount
- Mark to Market Currency
- Mark to Market Date
- Collateralized
- Collateralized Amount
- Collateralized Currency

## Systemic Risk & Market Oversight

### Global Unique Trade Identifier

Description	A universal and unique trade identifier assigned for each trade at the time of execution. Any subsequent lifecycle events should cross-reference this identifier.
Recommended Action	CPMI-IOSCO to issue industry consultation in July re a global UTI standard with recommendations planned for year end.

### Trade Party 1/2 Identifier

Description	The Legal Entity Identifier (LEI) of the beneficial owner to the trade
Recommended Action	While already recognized in most jurisdictions, privacy concerns and full adoption are affecting quality. CPMI should urge jurisdictions to address any legal impediments that preclude firms from reporting including requiring all parties to obtain and maintain an LEI.

### Trade Party 1/2 Sector Classification

Description	An international standard that defines key counterparty types transacting in derivatives, e.g. bank, hedge fund, insurance, etc...
Recommended Action	CPMI should urge for the creation of an internationally recognized standard that would enable global data aggregation at sector level. Currently, jurisdictions that require this identification have prescribed an un-harmonized classification.

### Trade Party 1/2 Branch Identifier

Description	Branch ID associated to the LEI
Recommended Action	CPMI should encourage the expedition of the creation of an internationally recognized standard for Branch ID and its adoption as the global standard.

### Direction

Description	The "buyer" is the Fixed Rate Payer and "seller" is the Floating Rate Payer as defined in ISDA 2014 Credit Derivatives Definitions.
Recommended Action	Standard treatment for trades that do not have a single buyer and seller need to be agreed and endorsed by CPMI-IOSCO.

Trade Date	Effective Date	Scheduled Termination Date
Description		As defined in the 2014 ISDA Credit Derivatives Definitions

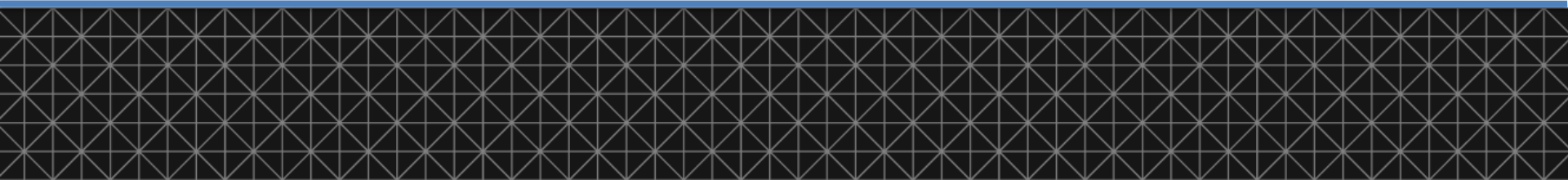
Option Expiration Date	Option Type	Option Style	Fixed Rate
Description			As defined in the 2006/2014 ISDA Credit Derivatives Definitions

Payment Frequency	
Description	Frequency of the scheduled settlements on the swap

Current State Notional	
Description	An outstanding notional amount remaining on a trade e.g. A partial term of 25m reduces the trade from 100m to 75m. 75m represents the current state notional amount

Current State Notional Currency	
Description	Currency associated with the notional of the trade.
Recommended Action	ISO standard does not recognize all actively traded currencies, such as CNY vs CNH. Use of ISO standard should be recommended, as supplemented by an industry agreed and regulatory endorsed approach to additional currencies.

Attachment/Exhaustion Point	
Description	Represents the upper and lower thresholds the underlying pool

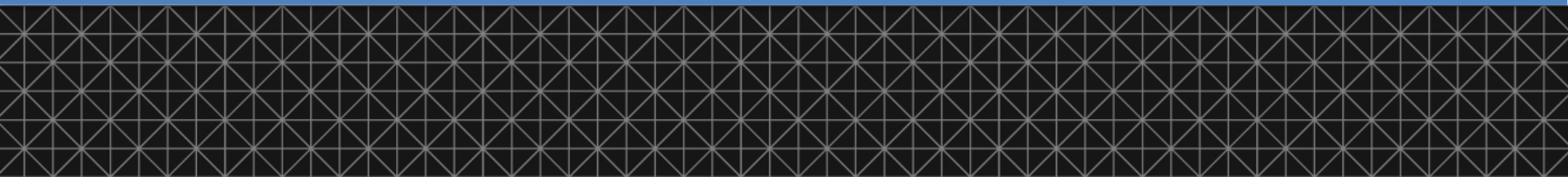


### Global Unique Product Identifier

Description	A globally agreed and endorsed unique product ID as it applies to credit derivatives products.
Recommended Action	CPMI should urge for the creation of an internationally recognized standard for Product ID by leveraging and enhancing the existing industry standards.

### Restructuring Credit Event

Description	Whether or not Restructuring Credit Event applies.
-------------	--





### Additional Payment Amount

Description	Represents any event-driven payments separate from scheduled payments/cashflows associated to the trade, e.g. upfront payment, termination amounts.
-------------	---

### Additional Payment Currency

Description	Currency associated with the additional payment amount
Recommended Action	ISO standard does not recognize all actively traded currencies, such as CNY vs CNH. Use of ISO standard should be recommended, as supplemented by an industry agreed and regulatory endorsed approach to additional currencies.

### Additional Payment Date

Description	Date associated with the additional payment amount
-------------	--

### Additional Payment Payer

Description	LEI of the party making the payment
-------------	-------------------------------------

### Option Strike Price

Description	Represents the exercise price of the underlying option
-------------	--

### Option Premium Amount

Description	The price of the associated option.
-------------	-------------------------------------

### Option Premium Currency

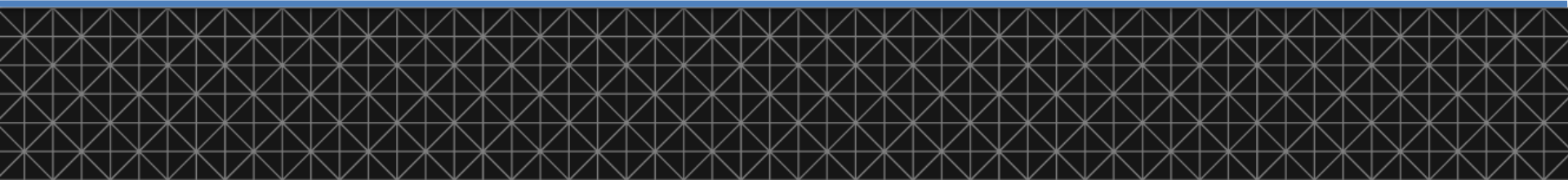
Description	Currency associated with the option premium amount
Recommended Action	ISO standard does not recognize all actively traded currencies, such as CNY vs CNH. Use of ISO standard should be recommended, as supplemented by an industry agreed and regulatory endorsed approach to additional currencies.

### Price Type

Description	The type of price used e.g. Basis Points, Percentage, etc.
-------------	--

### Price

Description	Price associated with a given price forming event of the swap
-------------	---



### Mark to Market Amount

Description	Represents the value of a given swap relative to the market
Recommended Action	CPMI should define which party has the obligation to represent the MTM for the trade record - e.g. whether both parties/ one-side/waterfall based on execution type

### Collateralized

Description	Indication if the swap is collateralized and how
Recommended Action	CPMI IOSCO to urge jurisdictions to adopt a uniform representation of the indications of collateralization

### Mark to Market Date

Description	Date of the Mark to Market Amount
-------------	-----------------------------------

### Collateralized Amount

Description	Represents the value of assets posted as collateral
-------------	---

### Mark to Market Currency

Description	Currency associated with the Mark to Market Amount
Recommended Action	ISO standard does not recognize all actively traded currencies, such as CNY vs CNH. Use of ISO standard should be recommended, as supplemented by an industry agreed and regulatory endorsed approach to additional currencies.

### Collateralized Currency

Description	Represents the currency associated with the Collateral Amount
Recommended Action	ISO standard does not recognize all actively traded currencies, such as CNY vs CNH. Use of ISO standard should be recommended, as supplemented by an industry agreed and regulatory endorsed approach to additional currencies.