

Template for comments

Public Consultation on Money Market Statistics Regulation

Institution/Company

Contact person

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First name

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Email address

Telephone number

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General comments

XXXXXX welcomes the opportunity to provide comments on the draft ECB regulation amending the Money Market Statistical reporting (MMSR) Regulation. Beyond the areas identified in the comments section where it would be helpful for the ECB to clarify the requirements, we would like to highlight issues which may arise with the implementation date of these amendments.

The exact implementation date is not known at this stage. The ECB has indicated that this would be at the beginning of 2019. We would advise against a start-date on 01 January 2019, for two reasons. First, operationally, any change at the start of a new year is challenging. Beyond the constraints on staff that come with the holiday season, industry policies generally prevent any systems change during this period, to avoid disruption at a time of limited staff availability. Second, two out of the three new areas of reporting under the Swiss FinfraG requirements will apply from 01 January 2019, i.e. the reporting of OTC and listed derivatives. These changes will already require significant adjustments to our systems, and it would be preferable not to conduct them at the same time as MMSR changes.

Please do not hesitate to contact us if you have questions about our response or require any further information.

Template for comments

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Please enter all your feedback in this list.

When entering feedback, please make sure that:

- each comment deals with a single issue only;
- you indicate the relevant Article/Annex, where appropriate;
- you indicate whether your comment is a proposed amendment, clarification or deletion.

Deadline: 10 September 2018

ID	Article, annex and/or table of the draft regulation	Page	Type of comment	Detailed comment	Concise statement as to why your comment should be taken on board
1	Annex I Part 2	7	Clarification	The introduction of a requirement to use an LEI in all circumstances where a counterparty to a trade has been assigned such an identifier raises a series of questions which we would like the ECB to clarify. First, we would like the ECB to set out the procedure to check compliance against LEI requirements. Where we do not have an LEI, the amended regulation provides that we must use the counterparty location requirement. There may be instances where an LEI exists, but where we have been unable to report this LEI (cf. No. 3). What would be the procedure if the ECB identifies this shortcoming ?	Clarification of the ECB expectations for reporting would facilitate the implementation of these amendments.
2	Annex I Part 2	7	Clarification	The ECB should clarify the treatment of open transactions. We may have reported a transaction using a sector code in the absence of an LEI, as advised, but what would be the ECB's preference if that counterparty obtained an LEI through the lifecycle of this transaction (e.g. a repurchase agreement or a call account) ? Would we be able to switch to an LEI as and when it becomes available or would the ECB expect consistency throughout the life of the transaction ? Would the ECB expect a retrospective correction ?	Clarification of the ECB expectations for reporting would facilitate the implementation of these amendments.
3	Annex I Part 2	7	Clarification	We have included a series of scenarios which would be useful to consider to inform the ECB's response on this point. Scenario 1 <ul style="list-style-type: none"> • Open call account belonging to a Non-Financial Counterparty (NFC) (S11) historically reported S11/DE to 31 Jan 2019 • 1 Feb: S11/DE trade submitted, the counterparty does not have an LEI • 22 Feb: The counterparty gets an LEI • 25 Feb: The trade is submitted with LEI replacing S11/DE Open question: Would we be expected to do historical corrections to all transactions with S11/DE from 1-22 Feb inclusive? Or just from when a new LEI activates?	Clarification of the ECB expectations for reporting would facilitate the implementation of these amendments.

4	Annex I Part 2	7	Clarification	<p>Scenario 2</p> <ul style="list-style-type: none"> • Open call account belonging to an NFC (S11) ... historically reported S11/DE to 31 Jan 2019 • 1 Feb: S11/DE submitted. The counterparty is not found in data as the counterparty details provided by the <source system> do not match the gleif.org dataset or other authoritative party data source. • 22 Feb: Operations or IT discover that there's a name difference. The <Source system> does not change the counterparty details. • 25 Feb: Continue with S11/DE reporting <p>Open question: As this occurs when there is fragmented counterparty data in use end-to-end (and we do not know that there is a valid LEI programmatically), how will the ECB/Bundesbank verify errors?</p>	Clarification of the ECB expectations for reporting would facilitate the implementation of these amendments.
5	Annex I Part 2	7	Clarification	<p>Scenario 3</p> <ul style="list-style-type: none"> • Open call account belonging to an NFC (S11) historically reported S11/DE to 31 Jan 2019 • 1 Feb: LEI submitted, the report status would be ACK (acknowledged as successfully submitted) • 2 Feb: LEI submitted, ACK-ed • 25 Feb: LEI submitted, the status would be NACK (rejected) as the counterparty LEI would be invalid • 26 Feb: S11/DE submitted correcting the 25/02 submission plus S11/DE to 26/02 until the static data issue is fixed • 1 Mar: New LEI submitted <p>Open question: Will the ECB expect corrections to all transactions from 25/02 or from 01/02 using the more up-to-date LEI (to preserve call account sequencing)? Or will it accept a combination of LEIs?</p>	Clarification of the ECB expectations for reporting would facilitate the implementation of these amendments.
6	Article 2 - Entry into force	5	Clarification	<p>Beyond the formal date of entry into force, we would like the ECB to clarify when it expects the new guidance to be applied to new transactions. Would we be required to report some historic transactions on the basis of this new guidance, or would it apply exclusively to new trades ?</p> <p>We have included a series of scenarios which would be useful to consider to inform the ECB's response on this point.</p>	Clarification of the ECB expectations for reporting would facilitate the implementation of these amendments.

7	Article 2 - Entry into force	Article 2 - Entry into force	<p>Scenario 1 - Open Repo / Call accounts</p> <ul style="list-style-type: none"> • Live open-repo / call-account was booked in 2018 with an S126 counterparty • 31 Jan: We would not report this open-repo/call-account, as S126 is currently not in scope of MMSR reporting • 01 Feb: submission of a new transaction (NEWT) with new Proprietary Transaction Identification (PTI), as S126 will be eligible with these MMSR amendments • 02 Feb: submission new transaction with new PTI, as part of daily reporting <p>We expect the Transaction Data Warehouse (TDW) to start daily reporting of previously ineligible open repo/call accounts from the moment when new eligibility rules take effect.</p>	Clarification of the ECB expectations for reporting would facilitate the implementation of these amendments.
8	Article 2 - Entry into force	Article 2 - Entry into force	<p>Scenario 2 - Live term trades</p> <ul style="list-style-type: none"> • Live long-term Overnight Index Swaps (OIS) (6 month) was booked in 2018 with S126 counterparty • 02 Feb: error correction happened – nothing is reported, as the trade has not been submitted to the national competent authority • 03 Feb: The OIS terms are renegotiated – We would submit a new transaction and new PTI, as the renegotiated terms are conducted according to new eligibility rules with S126 now falling in scope <p>We expect that TDW will not submit any data related to previously ineligible alive term transactions, unless any reportable bilateral renegotiations happens</p>	Clarification of the ECB expectations for reporting would facilitate the implementation of these amendments.
9	Article 2 - Entry into force	Article 2 - Entry into force	<p>Scenario 3 - Trade historic replay (partially ineligible)</p> <ul style="list-style-type: none"> • A terminated historical Trade was considered ineligible (counterparty is S126) • During a lifecycle event, TDW may generate a replay event, for a transaction which was formerly not in scope of S126. This would be flagged as erroneous. <p>We expect that TDW will not automatically resubmit new data for any historically ineligible trade, even if the trade counterparty was identified as eligible using new rules.</p>	Clarification of the ECB expectations for reporting would facilitate the implementation of these amendments.
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