



SWIFT RESPONSE TO ESMA TECHNICAL STANDARDS ON REPORTING, DATA QUALITY, DATA ACCESS AND REGISTRATION OF TRADE REPOSITORIES UNDER EMIR REFIT

SWIFT

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Confidentiality: Public

SWIFT welcomes the opportunity to provide comments to the ESMA consultation on “Technical Standards on reporting, data quality, data access and registration of trade repositories under emir refit”.

SWIFT also welcome the fact that ESMA has already adopted international standards that are widely used in the financial industry and that is proposing to also adopt such standards in the context of EMIR Refit.

SWIFT is a member-owned cooperative headquartered in Belgium. SWIFT is organised under Belgian law and is owned and controlled by its shareholders, comprising more than 2,000 financial institutions. We connect more than 11,000 institutions in more than 200 countries and territories. A fundamental tenet of SWIFT’s governance is to continually reduce costs and eliminate risks and frictions from industry processes.

SWIFT provides banking, securities, and other regulated financial organisations, as well as corporates, with a comprehensive suite of messaging products and services. We support a range of financial functions, including payments, securities settlement, reporting, and treasury operations. SWIFT also has a proven track record of bringing the financial community together to work collaboratively, to shape market practice, define formal standards and debate issues of mutual interest.

If you wish to discuss any aspect of our response, please do not hesitate to let us know.

Kind regards,
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Q11. Do you agree with the proposed technical format, ISO 20022, as the format for reporting? If not, what other reporting format would you propose and what would be the benefits of the alternative approach?

SWIFT supports ESMA for the consistent application of the ISO 20022 standard across all reporting regimes. We realize that any change implies additional costs and resources, but by leveraging the experience gained amongst others from the SFTR project, extending the adoption of ISO 20022, as proposed in the consultation paper for EMIR Refit, will facilitate the implementation and avoid maintaining multiple reporting formats and the associated costs for all impacted parties.

Additionally, as the IOSCO Harmonisation Group selected ISO 20022 for the implementation of the guidance on critical data elements for reporting of derivatives transactions, this will enable the comparability, aggregation and analysis of reported data from multiple trade repositories and help competent authorities obtain a comprehensive view of the derivatives market across different jurisdictions.

ISO 20022 messages can be implemented on any network or communication channel, by any messaging provider. ISO 20022 implementations make use of mainstream, well-supported technology and can be adapted to new technologies as they emerge, enabling further innovation in this field.

Q23. Do you expect any challenges related to the proposed format and/or structure of the UTI? If yes, please elaborate on what challenges you foresee.

SWIFT does not expect any challenges with the format and/or structure of the UTI.

A new ISO standard has been developed following the IOSCO Harmonisation Group Technical Guidance. ISO 23897 – UTI will be final and published before the end of 2020.

The structure and format defined in the standard comply with the IOSCO Guidance as well as with the description proposed by ESMA in the consultation paper.

Q25. Do you have any comments concerning the use of UPIs as product identifiers under EMIR? Should in your view UPI be used to identify all derivatives or only those that are not identified with ISIN under MiFIR?

As noted by ESMA in the consultation paper, ISO is currently launching the process to develop a new standard for UPI. The new standard will follow the IOSCO Guidance. It is expected that ISO 4914 – UPI will be developed by end 2022.

In view of the timeline for the entry into application of EMIR Refit, it would be beneficial if ESMA could already introduce references to the new UPI standard for the identification of OTC derivative products under EMIR in the RTS and in the reporting messages. ESMA could also consider if it would be useful to put in place a temporary solution until the UPI standard is published and implemented.

Q26. Do you agree with the assessment of the advantages and disadvantages of the supplementary reporting of some reference data? Are there any other aspects that should be considered?

As stated in Q25 above, a new standard for UPI is being developed. The standard will define an identifier code and the associated reference data. When the standard will be published and embedded in to the reporting requirements, we agree that reporting the code and associated reference data will no longer be needed, as this would create duplication, unavoidable discrepancies, reconciliations and additional costs.

Q28. Do you foresee any issues in relation to inclusion in the new reporting standard that the LEI of the reporting counterparty should be duly renewed and maintained according to the terms of, any of the endorsed LOUs (Local Operating Units) of the Global Legal Entity Identifier System?

We support the regulatory requirement to register and renew LEIs. Such requirement is an incentive for all eligible firms to ensure on-time maintenance of their respective LEI data records and will

ultimately benefit the entire financial industry by using a high quality framework for the identification of counterparties.

Q30. Do you have any comments concerning ESMA approach to inclusion of CDEs into EMIR reporting requirements?

In line with our response to Q11 above, we support the inclusion of CDE into EMIR reporting requirements. The harmonization of derivatives transactions reporting in multiple jurisdictions will reduce implementation costs for all parties involved in this effort (reporting firms, trade repositories and competent authorities) and will facilitate the aggregation and analysis of the reported data across all jurisdictions.

Q47. In relation to the format of the “client code”, do you foresee any difficulties with reporting using the structure and format of the code as recommended in the CDE guidance? If you do, please specify the challenges.

Consistent identification of natural persons is a significant challenge for the financial industry. Similar challenges applied to legal persons identification before the creation of the LEI standard. While the option recommended in the CDE guidance is different from the solution required in MiFIR, either of these schemes would work.

ISO is developing a new standard for the identification of Natural Persons . It is expected that ISO 24366 – NPI will be developed by the time of entry into force of EMIR Refit. We consider that it would be useful for a reference to this new standard to already be mentioned in the RTS to allow this future solution to be included in the reporting requirements.

For further information, a briefing note on the development of this new standard has been recently posted here: <https://committee.iso.org/sites/tc68/home/news/content-left-area/news-and-updates/update---iso-24366---identificat.html>