



Secretariat  
Financial Stability Board  
Bank for International Settlements (BIS)  
Centralbahnplatz 2  
CH-4002 Basel  
Switzerland  
fsb@bis.org

28 February 2014

Dear Secretariat,

**Re: Financial Stability Board Consultation paper dated 4 February 2014 - 'Feasibility Study on approaches to aggregate OTC derivatives data'**

The Futures and Options Association (FOA) appreciates the opportunity to respond to this consultation. The FOA is the principal European industry association for 160 firms and organisations engaged in the carrying on of business in futures, options and other derivatives. Its international membership includes banks, financial institutions, brokers, commodity trade houses, energy and power market participants, exchanges, clearing houses, IT providers, lawyers, accountants and consultants (**see Appendix 1**).

As the FSB will be aware, in the European Union, the obligation to report transactions to a trade repository under the European Market Infrastructure Regulation (EMIR) covers all derivative contracts, not just OTC derivatives.

In drafting this letter, the FOA has drawn on extensive experience of working with its members and with European regulators on the significant interpretive analysis necessary to apply EMIR's reporting rules to exchange-traded derivatives (ETDs). EMIR's reporting rules were largely drafted with OTC products in mind, which means the participants in the ETD industry had to work together on how to best apply the rules to ETDs. The FOA has been concerned to ensure that a cost-effective reporting infrastructure is built, avoiding unnecessary costs for both users and regulators. Data quality and data standardisation issues have been a key focus of our work.

The FOA would like to make the following high-level comments on the Financial Stability Board's (FSB) paper, for consideration by the deadline of 28 February 2014.

In the FOA's view, it is premature to analyse how to aggregate trade repository data globally. Before global aggregation mechanisms are explored, the underlying purpose of global aggregation should be defined by the Financial Stability Board. The FSB, together with IOSCO/CPSS, should first determine the specific purposes for having aggregated data at a global level. The scope of the data required to achieve these specific purposes can then be determined. This is critically important to avoid needless data overload and better facilitate data analysis.

For example, if the FSB's objective is to monitor systemic risk from a global perspective, then the scope of the data required to undertake such monitoring can be adjusted accordingly. It may, for example, be the case that certain data elements need not be captured in a global aggregation exercise, depending on the purposes for which the data is aggregated.

The FOA agrees with the FSB that it will be challenging to overcome the variations in trade reporting requirements and data standards across jurisdictions. This challenge is perhaps underemphasised in the FSB's paper. Data standardisation, data sharing and a focus on data quality are key pre-requisites for any aggregation mechanism to be effective.

Engagement with industry participants is vitally important in developing standards across jurisdictions. We encourage the FSB to ensure that individuals with appropriate technical expertise and knowledge of the products being traded and reported are involved with international standard setting exercises.

As a separate point, the FSB's paper focusses on OTC data aggregation generally, and only in passing refers to the "potential need in some cases" to combine OTC data with ETD data. In our view, the FSB should avoid the difficulties encountered by the EU and at the outset on whether aggregation should be limited to OTC derivatives data only. If this is not clarified, there is a risk of confusion with respect to whether exchange-traded derivatives are to be included in the work underway to create a global aggregation mechanism.

The costs of aggregating data across jurisdictions and multiple jurisdictions will likely be very significant. It may be too early at this stage to estimate these costs, but an estimate must be undertaken in future, including an indication of which party(ies) are likely to incur them.

We would be happy to discuss any of these issues at your convenience.

Kind regards,

A handwritten signature in blue ink, appearing to read 'K Traynor', with a long horizontal flourish extending to the right.

Kathleen Traynor  
Futures and Options Association

## Appendix 1

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|--|---|--|
| <i>ABN AMRO Clearing Bank N.V.</i>             | FXCM Securities Ltd   | PA Consulting Group                                    |
| <i>Accenture UK - Risk Management</i>          | G.H. Financials Ltd   | Pekin & Pekin LLP                                      |
| <i>ADM Investor Services International Ltd</i> | GDF Suez Branch Energy International                            | Petroineos Trading Limited                             |
| <i>AKIN GUMP LLP</i>                           | Gekko Global Markets Ltd  | Phibro Commodities Limited                             |
| <i>Alpari (UK) Ltd</i>                         | GF Financial Markets (UK) Limited                               | Phillips 66 TS Limited                                 |
| <i>Amalgamated Metal Trading Ltd</i>           | GFI Securities Ltd  | Pughview Ltd   |
| <i>AMT Futures Ltd</i>                         | Glencore Commodities Ltd  | R3D Systems Limited                                    |
| <i>APX Commodities Ltd</i>                     | Goldman Sachs International                                     | Rabobank International                                 |
| <i>Ashurst LLP</i>                             | Gunvor SA   | RBC Europe Limited                                     |
| <i>Ateo Ltd</i>                                | Herbert Smith Freehills LLP                                     | Reed Smith LLP   |
| <i>Baker &amp; McKenzie LLP</i>                | HETCO Advisory Services U.K. Limited                            | Rostron Parry Ltd                                      |
| <i>Banca IMI SpA</i>                           | Holman Fenwick Willan LLP                                       | RWE Supply & Trading GmbH                              |
| <i>BancOo Santander SA</i>                     | HSBC Bank Plc   | Saxo Capital Markets UK                                |
| <i>Bank of America Merrill Lynch</i>           | ICAP Securities Ltd   | Schneider Trading Associates Ltd                       |
| <i>Bank of New York Mellon SA/NV</i>           | ICE   | Scotiabank Europe                                      |
| <i>Barclays Capital</i>                        | IG Group Holdings Plc   | Scottish Power Energy Trading Ltd                      |
| <i>BASF Metals Forwards Limited</i>            | International Capital Market Association (ICMA) Limited, London | SEB Futures  |
| <i>BDO LLP</i>                                 | International FC Stone Group                                    | Shanghai Futures Exchange                              |
| <i>Berkeley Futures Ltd</i>                    | Investec Wealth & Investment                                    | Shearman & Sterling (London) LLP                       |
| <i>Berwin Leighton Paisner LLP</i>             | ION Trading   | Shell Trading & Shipping                               |
| <i>BGC Partners Inc</i>                        | J.P. Morgan Securities Plc                                      | Sidley Austin LLP                                      |
| <i>BNP Paribas Commodity Futures Ltd</i>       | Jefferies Bache Limited   | Simmons & Simmons LLP                                  |
| <i>BOCI Global Commodities UK</i>              | Johannesburg Stock Exchange                                     | Singapore Exchange Ltd                                 |
| <i>BP International IST</i>                    | K&L Gates LLP   | Singapore Mercantile Exchange Pte Ltd                  |
| <i>Cadwalader, Wickersham &amp; Taft LLP</i>   | Katten Muchin Rosenman UK LLP                                   | SJ Berwin & Company LLP                                |
| <i>Cargill Plc</i>                             | Kinetic Partners LLP  | SmartStream Technologies Ltd                           |
| <i>Centrica Energy Ltd</i>                     | Koch Supply & Trading Company Ltd                               | Societe Generale Corporate & Investment Banking London |
| <i>Chevron Global Trading Limited</i>          | KPMG LLP  | Speechly Bircham LLP                                   |
| <i>Citadel Securities (Europe) Ltd</i>         | Kyte Group Ltd  | Standard Bank Plc                                      |
| <i>Citigroup</i>                               | LCH.Clearnet Group Ltd  | Standard Chartered Bank (SCB)                          |
| <i>City Index Limited</i>                      | Linklaters LLP  | State Street GMBH London Branch                        |
| <i>Clifford Chance LLP</i>                     | Liquid Capital Group  | Sucden Financial Ltd                                   |
| <i>Clyde &amp; Co LLP</i>                      | LLOYDS BANK COMMERCIAL BANKING                                  | SunGard Global Trading                                 |
| <i>CMC Group Plc</i>                           | LMAX Limited  | Susquehanna International Securities Limited (SIS)     |
| <i>CME Group Inc</i>                           | London Capital Group  | Swiss Futures and Options Association                  |

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| <i>CMS Cameron McKenna LLP</i>               | London Metal Exchange                       | The Royal Bank of Scotland Plc           |
| <i>Commerzbank AG</i>                        | Macfarlanes LLP                             | The Toronto-Dominion Bank                |
| <i>ConocoPhillips (U.K.) Ltd</i>             | Macquarie Bank Ltd                          | Thomas Murray Data Services              |
| <i>Contango Markets Ltd</i>                  | Mako Europe Ltd                             | Thomson Reuters                          |
| <i>Credit Suisse Securities (Europe) Ltd</i> | Marex Spectron                              | Toyota Tsusho Metals Ltd                 |
| <i>Dalian Commodity Exchange</i>             | McDermott Will & Emery UK LLP               | Traderight Limited                       |
| <i>Danske Bank A/S</i>                       | MEFF RV                                     | Tradeweb Europe Limited                  |
| <i>Deloitte LLP</i>                          | Mercuria Energy Trading SA                  | Trading Technologies UK Ltd              |
| <i>Dentons UKMEA LLP</i>                     | Metdist Trading Ltd                         | Trafigura Derivatives Ltd                |
| <i>Deutsche Bank AG</i>                      | Mitsubishi UFJ Securities International Plc | Traiana Inc                              |
| <i>DRS LLP</i>                               | Mitsui Bussan Commodities Ltd               | Travers Smith LLP                        |
| <i>E.ON Energy Trading SE</i>                | Mizuho Securities USA Inc London            | Trayport                                 |
| <i>ED&amp;F Man Capital Markets</i>          | Monument Securities Ltd                     | Triland Metals Ltd                       |
| <i>EDF Energy</i>                            | Morgan Stanley & Co. International Plc      | TriOptima AB                             |
| <i>EDF Trading Ltd</i>                       | MPAC Consultancy LLP                        | Turquoise Global Holdings Limited        |
| <i>EDF Trading Ltd</i>                       | Nasdaq OMX  NLX                             | UBS Ltd                                  |
| <i>Ernst &amp; Young LLP</i>                 | National Grid Electricity Transmission Plc  | UnaVista Ltd                             |
| <i>ETX Capital</i>                           | Newedge UK Financial Limited                | Valbury Capital Ltd                      |
| <i>Eukleia Training Ltd</i>                  | Noble Clean Fuels Ltd                       | Vitol S.A.                               |
| <i>Eurex Clearing AG</i>                     | Nomura International Plc                    | Wells Fargo Securities International Ltd |
| <i>European Energy Exchange</i>              | Nord Pool Spot AS                           |  |
| <i>Fidessa Plc</i>                           | Norton Rose Fulbright LLP                   |  |
| <i>FOREX.COM UK LIMITED</i>                  | NYSE Liffe                                  |  |
| <i>FOW Ltd</i>                               | Omgeo                                       |  |
| <i>Freshfields Bruckhaus Deringer LLP</i>    | Options Industry Council (OIC)              |  |
| <i>Futures Industry Association (FIA)</i>    | Orrick, Herrington & Sutcliffe (Europe) LLP |  |