



DTCC



Planning for APAC Trade Reporting Rules Rewrites

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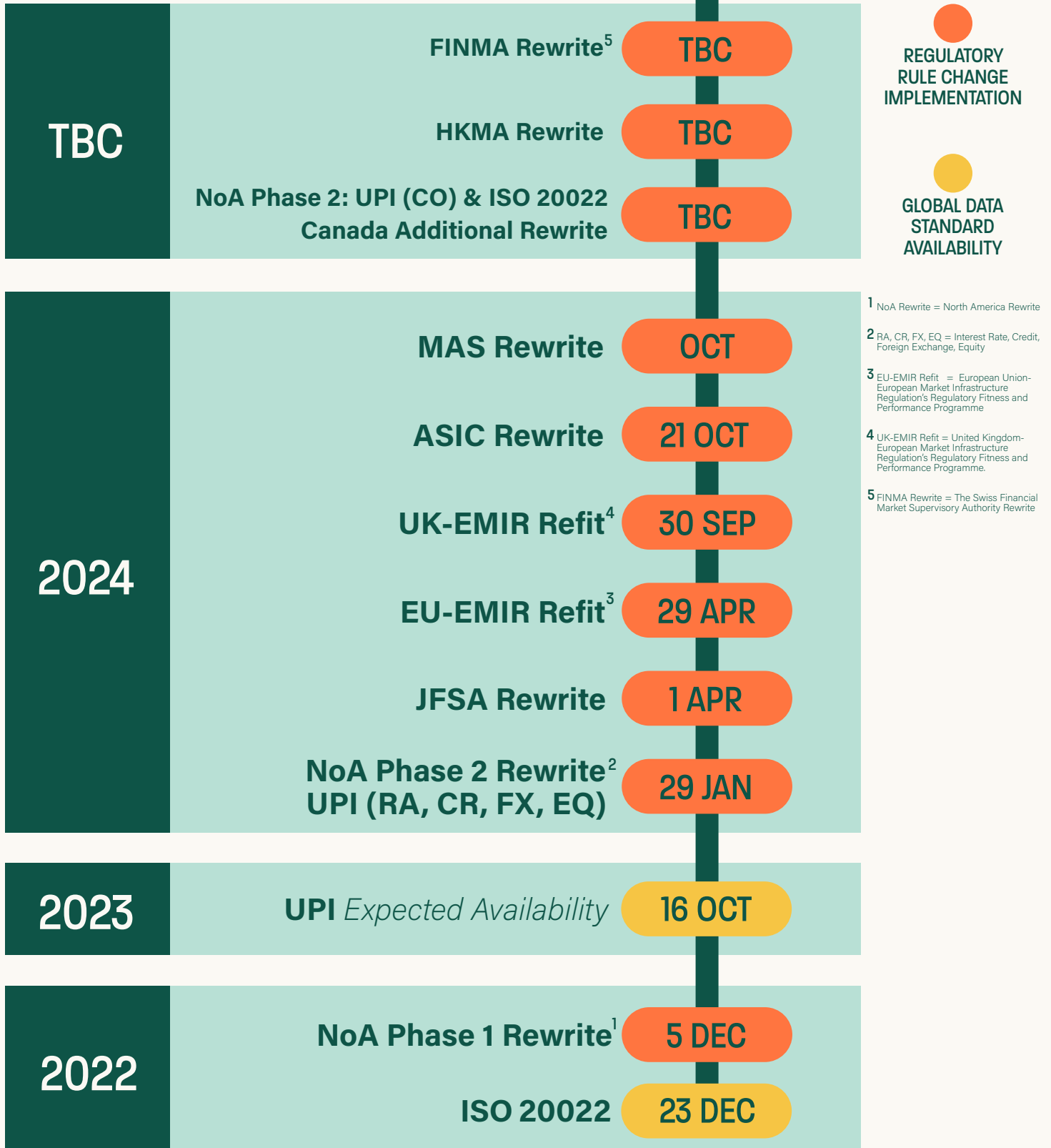
Planning for APAC Trade Reporting Rules Rewrites

The global trade reporting landscape is set for a shake up as the world's most significant derivatives regulations are being revisited with an eye towards improving data quality and harmonizing data standards and the adoption of revised and new fields, including CPMI-IOSCO's critical data elements (CDE) including the unique product identifier (UPI) and implementing the ISO 20022 XML standard, amongst other changes. The industry is once again faced with the dilemma of executing large-scale changes across multiple jurisdictions in the next two years. Because of the magnitude of the changes, it is critical that adequate planning and resources are available to support and meet the new regulatory requirements. DTCC has been your strategic partner of choice since the inception of over-the-counter (OTC) derivatives trade reporting – working with you to address your regulatory and operational needs. We are ready to help you manage the complexities of the rules changes or “rewrites” and are more than happy to discuss and address the compliance and implementation challenges that you may face.

In the Asia-Pacific (APAC) region, regulators have been engaging with each other to coordinate their derivatives reporting rule changes. The Australian Securities & Investments Commission (ASIC) has publicly shared that regulators in Australia, Singapore, Japan, and Hong Kong are focused on “maximum international alignment”, to improve data quality, and strike an appropriate balance between commercial considerations, costs for the industry, and regulatory needs and outcomes. Timelines have also been coordinated, with the Financial Services Agency of Japan (JFSA) going ahead with implementation on April 1, 2024 followed by ASIC on October 21, 2024. The Monetary Authority of Singapore (MAS) is also expected to align with ASIC and implement its rules rewrites in October 2024.

Global Trade Reporting Rewrites Roadmap

- > The industry may be impacted by the US moving to T+1 settlement on **May 28, 2024**.
- > Draft US Securities trade reporting rules may also impact the industry:
 1. SEC SFT Reporting
 2. OFR - Uncleared Repo Reporting



¹ NoA Rewrite = North America Rewrite
² RA, CR, FX, EQ = Interest Rate, Credit, Foreign Exchange, Equity
³ EU-EMIR Refit = European Union-European Market Infrastructure Regulation's Regulatory Fitness and Performance Programme
⁴ UK-EMIR Refit = United Kingdom-European Market Infrastructure Regulation's Regulatory Fitness and Performance Programme.
⁵ FINMA Rewrite = The Swiss Financial Market Supervisory Authority Rewrite

Industry Impacts

Based on our experience, you should consider the following when evaluating your readiness for the upcoming APAC Rewrites:

- › Front to back processes, data requirements and lineage
- › UPI implementation, including how UPIs will be exchanged at the point of trade execution and how the information will be propagated downstream
- › Re-Reporting including data requirements, when you will execute, and any required updates
- › The impact of moving away from legacy messaging to ISO 20022 XML
- › The impact to delegated reporting arrangements
- › Collateral systems and how they will support the added complexity of reporting the entire set of collateral fields proposed for rewrites
- › The need to create end-to-end test cases, including functional and technical specifications, to ensure readiness for compliance
- › The analysis, design and implementation of new business requirements and enhanced controls required to adapt to the new rules
- › An appropriate controls and incident management framework that is adjusted based on the rewrite requirements

LET US HELP YOU GET READY FOR THE UPCOMING GLOBAL REGULATORY CHANGES

Discover how DTCC, through our Global Trade Repository service (GTR), DTCC Report Hub[®] and DTCC Consulting Services, can help you address the significant data, technology, and resourcing challenges associated with updating your trade reporting infrastructure and control frameworks for compliance with the APAC Rewrites.

REACH OUT TODAY >

ASIC Rewrite

ASIC published ASIC Derivative Transaction Rules (Reporting) 2024 on December 19, 2022. These rules repeal and remake ASIC Derivative Transaction Rules (Reporting) 2022 on October 21, 2024. The changes associated with the Rules Rewrite initiative will impact all five existing reportable asset classes (Credit, Interest rates, Equities, Commodities, and Foreign Exchange), Valuation, and Margin reporting. There are 104 data fields proposed by ASIC. Firms will be required to submit in ISO XML 20022 format commencing October 21, 2024 and the transition deadline to update existing trades is set for 6 months after April 20, 2025.



SUBMITTING DATA INTO THE TRADE REPOSITORY

SUB TASK	KEY CONSIDERATIONS
<p>NEW TECHNICAL STANDARDS AND VALIDATION RULES</p>	<ul style="list-style-type: none"> ➤ October 21, 2024 – Amended Rules covering LEI, UTI, UPI, CDE fields, ISO XML and clean-up existing fields that are not present in the rules and rollover exemptions. Have you thought of how to report according to ASIC's Amended Rules? ➤ The number of reportable fields has evolved to a new set of data fields with the CDE adoption and global harmonization. Have you completed the necessary gap analysis on the new reportable fields? ➤ Do you have the relevant operational experience to map data from your internal systems to appropriately populate these new fields? If not have you considered engaging external consultants?
<p>CUTOVER TO THE NEW TECHNICAL STANDARDS</p>	<ul style="list-style-type: none"> ➤ ASIC has indicated a six-month transition period following publication of the Amended ASIC Rules requiring data elements in transactions to be updated to the new specifications and re-reporting of outstanding legacy transactions with expiration dates after March 31, 2025. Do you have all the relevant data to update historical trades according to the latest technical standards? ➤ Do you understand your counterparties' intentions with regards to upgrading the open trade population? ➤ Have you thought about the reconciliation and controls that you need to implement during the transition period to manage the newly reported versus legacy transitions?
<p>USE OF XML: ISO 20022</p>	<ul style="list-style-type: none"> ➤ ASIC has mandated to adopt ISO 20022 XML as the inbound message format. Have you considered how you are going to generate XML files to submit into the TR? ➤ Do you have sufficient experience in-house to implement the move to XML reporting? ➤ Do you require a CSV-to-XML converter?

VALUATION REPORTING

SUB TASK	KEY CONSIDERATIONS
<p>VALUATION REPORTING</p>	<ul style="list-style-type: none"> ➤ Under ASIC Rewrite, firms now should submit their own valuation instead of Central Counterparty valuation. ASIC has added new fields for valuation reporting (i.e., Delta and Next floating reference reset date). Will your system support reporting of these additional fields?

MARGIN REPORTING

SUB TASK	KEY CONSIDERATIONS
MARGIN REPORTING	<ul style="list-style-type: none"> ➤ Currently, ASIC only requires the reporting of collateral value and collateral currency. Will your collateral systems support the added complexity of reporting the entire set of collateral margin fields proposed for rewrite?

END-OF-DAY REPORTS

SUB TASK	KEY CONSIDERATIONS
STANDARD SET OF END-OF-DAY REPORTS (TRADE ACTIVITY, TRADE STATE, MARGIN ACTIVITY AND MARGIN STATE REPORTS)	<ul style="list-style-type: none"> ➤ Are the End of Day reports you receive today sufficient for reporting parties to manage your data? ➤ ASIC does not mandate the format of the reports; hence we will provide an option for both while some proprietary DTCC reports will be csv only. These reports will not be in the format of the current reports (i.e., the submission report, Trade State Report or Trade Activity Report) that you receive today from DTCC, hence are you ready to consume both CSV and XML reports?
XML OR CSV REPORTING	<ul style="list-style-type: none"> ➤ Have you considered any additional internal tooling your operational teams may require?

KEY NEW FIELDS

SUB TASK	KEY CONSIDERATIONS
EVENT TYPE VERSUS ACTION TYPE AND MANAGING LIFECYCLE EVENTS	<ul style="list-style-type: none"> ➤ ASIC has indicated that firms must now indicate the action type and the event type, which is a significant change to lifecycle event management. Have you considered the implications to event choreography? ➤ The internal sources of these new event types may sit across multiple applications. Have you mapped these event types to application sources and determined how these feeds reporting systems?
ACTION TYPE: REVIVE	<ul style="list-style-type: none"> ➤ Whilst not a new field, the action type "revive" has been added to provide counterparties with the ability to reopen trades after being terminated or cancelled by mistake. Are changes required in your reporting system to account for reviving a previously closed trade?

SUB TASK	KEY CONSIDERATIONS
UPI	<ul style="list-style-type: none"> ➤ In the long term, the UPI should simplify reporting and data aggregation as it reduces the number of reportable fields. Have you considered how you will incorporate the UPI into reporting applications? ➤ Have you considered if there needs to be UPI components that should be submitted independently? ➤ Have you budgeted to pay for the UPI service?
PRIOR UTI	<ul style="list-style-type: none"> ➤ Prior Unique Trade Identifiers (UTIs) provide entities the ability to link transactions. Is the prior UTI obtainable for trades that must be upgraded to the latest technical standards? ➤ Have you considered how you would link these transactions and any impact of sourcing the prior UTIs? ➤ Should prior UTI be used as temporary UTI if you cannot obtain a UTI in time for reporting?
EVENT IDENTIFIER	<ul style="list-style-type: none"> ➤ The Event Identifier will be used to link trades that have been through an event such as a compression. Will all service providers be able to provide this ID with sufficient time to meet T+1 reporting?
REPORTING ENTITY	<ul style="list-style-type: none"> ➤ This field represents the entity responsible and legally liable for reporting. If you are a reporting submitting entity, have you considered the scenarios in which the entity responsible for reporting field is to be populated? ➤ In certain cases, the entity responsible for reporting field must be populated with details of the fund management company. If you are a reporting submitting entity, do you have sufficient details of the fund management company to facilitate this?
DIRECTION OF LEG 1 / LEG 2	<ul style="list-style-type: none"> ➤ As outlined in the final report, there are certain transactions (i.e., equity swaps, FX swaps and FX forwards) where the counterparties should determine the payer and the receiver of each leg as determined at the time of the transaction. Would this information be stored for reporting trades that are open pre-ASIC Amended Rules?
NOTIONAL SCHEDULE FIELDS (MULTIPLE)	<ul style="list-style-type: none"> ➤ Under ASIC Rewrite, reporting firms must report the notional amount schedules up front. Have you considered the implications for how to construct a repeatable notional schedule?

SUB TASK	KEY CONSIDERATIONS
PACKAGE FIELDS (MULTIPLE)	<ul style="list-style-type: none"> Under ASIC Rewrite, the package spread must be reported, which may provide challenges if package deals are booked as two separate trades. Have you considered how you would book package deals in your trade capture systems?
DELTA	<ul style="list-style-type: none"> Under ASIC Rewrite, the delta must be reported. Have you considered how this field will be reported?

REPORTING SIGNIFICANT ISSUES TO REGULATORY AUTHORITIES

SUB TASK	KEY CONSIDERATIONS
IDENTIFYING SIGNIFICANT ISSUES	<ul style="list-style-type: none"> Generally, when reporting parties experience significant issues these must be reported to relevant supervisory authority. Significant issues are defined as reporting obstacles that prevent reporting, misreporting by a reporting system flaw or an issue that causes a large number of rejected reports. Is your Control Framework sufficiently strong to ensure fast identification of "Significant Issues"?
SIGNIFICANT ISSUES IMPACTING OTHER REPORTING PARTIES	<ul style="list-style-type: none"> Do your delegated reporting relationships have in place the appropriate agreements and escalation procedures to ensure "Significant Issues" are reported to the appropriate authority? This may include the Entity Responsible for Reporting notifying their own regulatory authority alongside the regulatory authority of the Reporting Counterparty
RESOLVING SIGNIFICANT ISSUES	<ul style="list-style-type: none"> Underpinning this requirement for reporting parties to notify the regulatory authorities of Significant Issues is the enhanced focus on data quality. This means that whilst reporting parties must have the ability to identify issues, they should also have the ability to remediate them in a timely manner. If you use a vendor for your reporting, do you have the appropriate SLAs in place for incident identification and remediation?

MISCELLANEOUS

SUB TASK	KEY CONSIDERATIONS
THIRD-PARTY VIEWER	<ul style="list-style-type: none">➤ The third-party viewer field is a proprietary field and will no longer be available when the ASIC Rewrite goes live (due to XML schema restrictions). Have you considered the alternatives for providing third parties access to your data?
TRANSACTION ID	<ul style="list-style-type: none">➤ The transaction ID field is a proprietary field and will no longer be available when the ASIC Rewrite goes live (due to XML schema restrictions). Have you determined how this field is used by your firm?➤ Have you considered any alternatives noting there are no free format fields within ISO 20022 XML?
RESERVED FOR PARTICIPANT 1 – 5	<ul style="list-style-type: none">➤ The reserved for participant 1-5 fields are proprietary fields and will no longer be available at the point ASIC Rewrite goes live due to XML schema restrictions. Have you determined how this field is used by your firm?➤ Have you considered any alternatives noting there are no free format fields within ISO 20022 XML?

MAS Rewrite

MAS started seeking views on the proposed amendments to the Securities and Futures (Reporting of Derivatives Contracts) Regulations 2013 in July 2021. Since then, MAS has continually engaged industry members and other APAC regulators before finalizing and publishing its rules. The commencement date for the MAS reporting rules changes is expected to be in October 2024 and confirmed via the second consultation response published on May 16, 2023. In the proposed close-to-final rules, there are 134 reportable data fields. ISO XML 20022 format is required for submissions when the rules commence, and re-reporting is to be within six months of rules commencement. There will be an exemption for re-reporting of any information required for MAS Rewrites but previously was not captured at the point when the contract was executed. No re-reporting is required for contracts with a maturity of less than six months from the commencement of rules.



SUBMITTING DATA INTO THE TRADE REPOSITORY

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<p>NEW TECHNICAL STANDARDS AND VALIDATION RULES</p>	<ul style="list-style-type: none"> ➤ The number of reportable fields has evolved to a new set of data fields with the CDE adoption and global harmonization. Have you completed the necessary gap analysis on the new reportable fields? ➤ Do you have the relevant operational experience to map data from internal systems to appropriately populate these new fields? If not, have you considered engaging with external consultants?
<p>CUTOVER TO THE NEW TECHNICAL STANDARDS</p>	<ul style="list-style-type: none"> ➤ MAS has indicated a six-month transition period upon the commencement of the MAS Rewrite. MAS only requires re-reporting when the contract has remaining maturity of at least six months from the rules commencement. However, where there is a change to any of the existing data fields until the contract matures, expires, or is terminated, firms are required to continue to report as per current requirement. Do you have all the relevant data to update historical trades according to the latest technical standards? ➤ Do you understand your counterparties' intentions about upgrading the open trade population? ➤ Have you thought about the reconciliation and controls that you need to implement during the transition period to manage the newly reported versus legacy transitions?
<p>USE OF XML: ISO 20022</p>	<ul style="list-style-type: none"> ➤ MAS has mandated to adopt ISO 20022 XML as the inbound message format. Have you considered how you are going to generate XML files to submit into the TR? ➤ Do you have sufficient experience in-house to implement the move to XML reporting? ➤ Do you require a CSV-to-XML converter?

VALUATION REPORTING

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<p>VALUATION REPORTING</p>	<ul style="list-style-type: none"> ➤ Under MAS Rewrite, firms now should submit their own valuation instead of central counterparty valuation. ASIC has added new fields for valuation reporting (i.e., Delta and Next floating reference reset date). Will your system support reporting of these additional fields?

MARGIN REPORTING

SUB TASK	KEY CONSIDERATIONS
MARGIN REPORTING	<ul style="list-style-type: none">➤ Currently, MAS does not fully require reporting of collateral. Will your system have the ability to report new collateral margin fields proposed for rewrite?

END-OF-DAY REPORTS

SUB TASK	KEY CONSIDERATIONS
STANDARD SET OF END-OF-DAY REPORTS (TRADE ACTIVITY, TRADE STATE, MARGIN ACTIVITY AND MARGIN STATE REPORTS)	<ul style="list-style-type: none">➤ Are the End of Day reports you receive today sufficient for reporting parties to manage your data?➤ MAS does not mandate the format of the reports; hence we will provide an option for both while some proprietary DTCC reports will be csv only. These reports will not be in the format of the current reports (i.e., the submission report, Trade State Report or Trade Activity Report) that you receive today from DTCC, hence are you ready to consume both CSV and XML reports?
XML OR CSV REPORTING	<ul style="list-style-type: none">➤ Have you considered any additional internal tooling that your operational teams may require?

KEY NEW FIELDS

SUB TASK	KEY CONSIDERATIONS
EVENT TYPE VERSUS ACTION TYPE AND MANAGING LIFECYCLE EVENTS	<ul style="list-style-type: none">➤ MAS has indicated that firms must now indicate the action type and the event type, which is a significant change to lifecycle event management. Have you considered the implications to event choreography?➤ The internal sources of these new event types may sit across multiple applications. Have you mapped these event types to application sources and determined how this feeds reporting systems?
ACTION TYPE: REVIVE	<ul style="list-style-type: none">➤ Whilst not a new field, the action type "revive" has been added to provide counterparties with the ability to reopen trades after being terminated or cancelled by mistake. Are changes required in your reporting system to account for reviving a previously closed trade?

SUB TASK	KEY CONSIDERATIONS
UPI	<ul style="list-style-type: none"> ➤ In the long term, the UPI should simplify reporting and data aggregation as it reduces the number of reportable fields. Have you considered how you will incorporate the UPI into reporting applications? ➤ Have you considered if there needs to be UPI components that should be submitted independently, e.g., asset class will not exist as individual fields anymore and will that influence your downstream processes? ➤ Have you budgeted to pay for the UPI service?
PRIOR UTI	<ul style="list-style-type: none"> ➤ Prior UTIs provide entities the ability to link transactions. Will prior UTI be obtainable for trades that must be upgraded to the latest technical standards? ➤ Have you considered how you would link these transactions and any impact of sourcing the prior UTIs? ➤ Should prior UTI be used as temporary UTI if you cannot obtain a UTI in time for reporting?
EVENT TYPE	<ul style="list-style-type: none"> ➤ The Event Type will be used to link trades that have been through an event such as a compression. Will all service providers be able to provide this ID with sufficient time to meet T+1 reporting?
REPORTING SPECIFIED PERSON	<ul style="list-style-type: none"> ➤ This field represents the entity responsible and legally liable for reporting. If you are a reporting submitting entity, have you considered the scenarios in which the entity responsible for reporting field is to be populated? ➤ In certain cases, the entity responsible for reporting field must populate details of the fund management company. If you are a reporting submitting entity, do you have sufficient details of the fund management company to facilitate this?
DIRECTION OF LEG 1 / LEG 2	<ul style="list-style-type: none"> ➤ As outlined in the final report, there are certain transactions (i.e., equity swaps, FX swaps and FX forwards) where the counterparties should determine the payer and the receiver of each leg as determined at the time of the transaction. Would this information be stored for reporting trades that are open pre-MAS Amended rules?
NOTIONAL SCHEDULE FIELDS (MULTIPLE)	<ul style="list-style-type: none"> ➤ Under the MAS Rewrite, firms must report the notional amount schedules up front. Have you considered the implications for how to construct a repeatable notional schedule?

REPORTING SIGNIFICANT ISSUES TO REGULATORY AUTHORITIES

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SIGNIFICANT ISSUES IMPACTING OTHER REPORTING PARTIES	<ul style="list-style-type: none"> › Do your delegated reporting relationships have in place the appropriate agreements and escalation procedures to ensure “Significant Issues” are reported to the appropriate authority? This may include the Reporting Specified Person notifying their own regulatory authority alongside the regulatory authority of the Reporting Counterparty
RESOLVING SIGNIFICANT ISSUES	<ul style="list-style-type: none"> › Underpinning this requirement for reporting parties to notify the regulatory authorities of Significant Issues is the enhanced focus on data quality. This means that whilst reporting parties must have the ability to identify issues, they should also have the ability to remediate them in a timely manner. › If you use a vendor for your reporting, do you have the appropriate SLAs in place for incident identification and remediation?

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TRANSACTION ID	<ul style="list-style-type: none"> › The transaction ID field is a proprietary field and will no longer be available when the MAS Rewrite goes live (due to XML schema restrictions). Have you determined how this field is used by your firm? › Have you considered any alternatives noting there are no free format fields within ISO 20022 XML?
RESERVED FOR PARTICIPANT 1 – 5	<ul style="list-style-type: none"> › The reserved for participant 1-5 fields are proprietary fields and will no longer be available when the MAS Rewrite goes live (due to XML schema restrictions). Have you determined how this field is used by your firm? › Have you considered any alternatives noting there are no free format fields within ISO 20022 XML?

HKMA Rewrite

The Hong Kong Monetary Authority (HKMA) is targeting to publish its consult for CDE and UPI by the end of 2023. It has not made any announcement on regulatory timelines – with indication that implementation of revised trade reporting rules will not be earlier than April 1, 2024. Collateral Reporting was initially scheduled to be implemented prior to the amended rules, HKMA and the Securities Futures Commission are now targeting to align the implementation of Collateral Reporting with their rewrite.





The Challenges These Changes Create

These revamped trade reporting rules will create fresh challenges for market participants in terms of aligning with new and differing regulatory reporting rules.

Challenges include:

CONSTANT REGULATORY CHANGE

Inconsistent adoption of new data requirements – including UTI, UPI, and ISO 20022 messaging – by regulators will require firms to continually reassess and update their trade reporting technology processes as the changes roll out. Compliance is and will remain a moving target, with failure potentially leading to penalties and reputational damage.

COST PRESSURE

Operating and maintaining internal trade reporting systems is expensive. The cost of continuously updating infrastructure to accommodate differing reporting timelines and requirements will be even greater, especially if approached in a tactical versus strategic manner.

RESOURCE SKILLSET CHALLENGES

Sourcing regulatory reporting expertise to meet multiple different jurisdictional reporting requirements is challenging for firms.

HOW DTCC CAN HELP ALLEVIATE THE PRE & POST REPORTING BURDEN WITH DTCC REPORT HUB

When it comes to your reporting infrastructure, controls, and processes, consider finding a service that delivers the greatest value and readies you for the regulatory changes taking effect in the next few years. The DTCC Report Hub® service is a highly efficient pre and post trade reporting solution that can help manage the complexities of meeting multiple regulatory mandates across jurisdictions. With comprehensive jurisdictional and regulation coverage, the service can help you to mitigate compliance risks, enhance operational efficiencies and drive down costs.



LET THE POST-TRADE EXPERTS HELP YOU TRANSFORM YOUR REPORTING CONTROL FRAMEWORK

In addition, you can tap into our expertise to help you tackle your reporting challenges and assist in getting you ready for your compliance reporting. Our DTCC Consulting Services is uniquely positioned to provide firms with consulting services that tap into the breadth and depth of our experience to help you transform your post-trade business operations, increase efficiencies, reduce risks, and drive down costs. For 50 years, our clients have trusted us to solve some of the biggest issues facing the global financial services industry. This unique vantage point has enabled us, through DTCC's family of companies, to develop techniques and tools that can help firms drive innovation and transformation.

With the help of our post-trade experts, we can help you address these challenges and help you get ready for the swathe of regulatory changes, including APAC Rewrites, taking effect over the next few years. DTCC Consulting Services experts leverage our proprietary Reporting Control Framework Model to conduct a deep-dive diagnosis and propose an implementation plan to enable you to enhance your reporting processes by aiming to increase operational efficiencies, drive down costs, and mitigate risks.

DTCC CONSULTING SERVICES
OUR EXPERTISE. YOUR ORGANIZATION.

Links to other resources:

- > [Planning for EMIR Refit](#)
- > [Planning for JFSA Trade Reporting Rule Rewrite](#)

FOR MORE INFORMATION

Please visit dtcc.com/repository-and-derivatives-services

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