

---

620 8th Avenue  
35th Floor  
New York, NY 10018  
United States



+1 212 931 4900 Phone  
+1 212 221 9860 Fax

[www.markit.com](http://www.markit.com)

March 24, 2015

Michael Brady  
Senior Legal Counsel, Capital Markets  
British Columbia Securities Commission  
P.O. Box 10142 Pacific Centre  
701 West Georgia Street  
Vancouver, British Columbia V7Y 1L2  
[mbrady@bcsc.bc.ca](mailto:mbrady@bcsc.bc.ca)

Re: *Request for Comment on Proposed Multilateral Instrument 96-101 Trade Repositories and Derivatives Data Reporting*

Dear Mr. Brady:

Markit<sup>1</sup> appreciates the opportunity to provide the Alberta Securities Commission, the British Columbia Securities Commission, the Financial and Consumer Affairs Authority of Saskatchewan, the New Brunswick Financial and Consumer Services Commission and the Nova Scotia Securities Commission (the "Authorities") with comments regarding the proposed Multilateral Instrument 96-101 Trade Repositories and Derivatives Data Reporting rules (the "TR Rule").<sup>2</sup>

## I. Introduction

Markit is a leading global diversified provider of financial information services. We provide products that enhance transparency, reduce risk and improve operational efficiency. By setting common standards and providing shared solutions that facilitate market participants' compliance with regulatory requirements, many of Markit's services help level the playing field between small and large firms and herewith foster a competitive marketplace.<sup>3</sup> Our customers include banks, hedge funds, asset managers, central banks, regulators, auditors, fund administrators and insurance companies. Founded in 2003, we employ over 3,500 people in 10 countries. Markit shares are listed on Nasdaq under the symbol MRKT.

MarkitSERV,<sup>4</sup> a wholly-owned subsidiary of Markit, provides trade processing, confirmation, matching, and regulatory reporting services for participants in OTC derivatives markets across regions and asset classes. Such services, which are offered also by various other providers,

---

<sup>1</sup> Please see [www.markit.com](http://www.markit.com) for further information.

<sup>2</sup> See Proposed Multilateral Instrument 96-101 trade repositories and Derivatives Data Reporting, [http://www.albertasecurities.com/Regulatory%20Instruments/5042659-v1-CSA\\_Note\\_and\\_RFC\\_on\\_Proposed\\_MI\\_91-101\\_and\\_96-101\\_91.101.pdf](http://www.albertasecurities.com/Regulatory%20Instruments/5042659-v1-CSA_Note_and_RFC_on_Proposed_MI_91-101_and_96-101_91.101.pdf).

<sup>3</sup> For example, Markit's KYC Services provide a standardized end-to-end managed service that centralizes "Know Your Client" (KYC) data and process management.

<sup>4</sup> Please see [www.markitserv.com](http://www.markitserv.com) for further information.

are widely used by participants in these markets today and are recognized as tools to increase efficiency, reduce cost, and secure legal certainty.

Our legal, operational, and technological infrastructure plays an important role in supporting the OTC derivatives markets in North America, Europe, and the Asia-Pacific region. Globally over 1,500 firms use the various MarkitSERV platforms that process, on average, 80,000 OTC derivative transaction processing events every day. MarkitSERV has also sent over 45 million trade reports to trade repositories worldwide.

Markit generally supports the comments made in relation to the TR Rule by the International Swaps and Derivatives Association (ISDA).<sup>5</sup> In submitting our own comment letter, we wish to emphasize certain points made by ISDA in its comment letter that are particularly important from our perspective as a third-party provider of regulatory reporting services that will ultimately be called upon by our customers to help them comply with new reporting requirements in Canada.

## II. Discussion

As discussed in further detail below, we believe that there is potential for the Authorities to better harmonize the TR Rule with the approach taken by other Canadian authorities by (a) requiring that unique trade identifiers be reported by the reporting counterparty if the parties both use the same identifier, and (b) aligning public dissemination timelines. Finally, we recommend that (c) the transition period between the effective and the compliance date of any final regulations should be at least six months.

### 1. The TR Rule should be better harmonized with the approach to derivatives data reporting taken in Manitoba, Ontario, and Quebec

Markit supports the TR Rule's "largely harmonized" approach.<sup>6</sup> We believe that a harmonious implementation would reduce data errors and facilitate cross-provincial surveillance and analysis and we similarly support international efforts to derivatives data harmonization.<sup>7</sup> There are, however, a few particular areas where the TR Rule rules could be more harmonious with the approaches taken by the Manitoba Securities Commission (MSC), the Ontario Securities Commission (OSC), and the Autorité des marchés financiers of Québec (AMF) (collectively "Other Canadian Authorities") that are particularly important from our vantage point.

#### a. The dual-sided reporting of unique transaction identifiers (UTI) should not apply when both parties to a trade use the same UTI for the same transaction

Section 25(4) of the TR Rule requires that each local counterparty report the UTI for each trade to the relevant regulator. This would imply that even non-dealer counterparties to a trade with a dealer would have to make this report. This requirement, in our view, would serve to only complicate post-trade processes for non-dealers while doing little to improve the accuracy of the

---

<sup>5</sup> See ISDA comment letter submitted March 24, 2015.

<sup>6</sup> Canadian Securities Regulators Propose Derivatives Regulatory Rule, Jan. 21, 2015, <https://www.securities-administrators.ca/aboutcsa.aspx?id=1315>.

<sup>7</sup> See Feasibility study on approaches to aggregate OTC derivatives data, Sept. 19, 2014, [http://www.financialstabilityboard.org/wp-content/uploads/r\\_140919.pdf](http://www.financialstabilityboard.org/wp-content/uploads/r_140919.pdf).

UTIs in the regulator's records. We therefore recommend that, instead of this unnecessary, redundant reporting to the appropriate regulator, that the reporting counterparty party notify the non-reporting party of the UTI and then require the non-reporting party to store and use this as its UTI for recordkeeping purposes or, in the alternative, that the reporting counterparty and the non-reporting party must agree to the UTI as part of the trade confirmation.

b. Timing delays for public dissemination should be harmonized

Under the TR Rule, only uncleared transactions between two non-dealers would be held from public availability until T+2 while under the Other Canadian Authorities' rules (91-507) only transactions involving a dealer are subject to reporting on a T+1 basis.<sup>8</sup> This means that under the TR Rule, a cleared transaction between two non-dealers would become public at T+1 while under the Other Canadian Regulators' rules these transactions would become public at T+2. We urge the Canadian authorities to come to some common approach on these dissemination standards in order to reduce the potential for regulatory arbitrage as well as the operational complexity created by these differing standards.

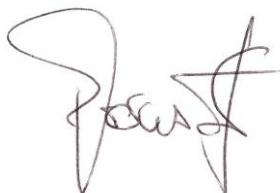
2. The transition period between the effective and compliance date of any final regulations should be at least six months

In our experience, following the finalization of regulatory requirements for the reporting of derivatives transactions, reporting counterparties, their reporting agents, and the trade repositories will need sufficient time to ensure the adequate testing of workflows. Specifically, a sufficient amount of time is also needed for firms to analyze, code and extensively test their and the trade repositories' build. Our experience in several jurisdictions has shown that implementations that were rushed are more costly to build to given that compromises will need to be made which in turn lead to costly rework and remediation efforts while reducing the quality of trade data regulators receive. Accordingly, we believe that the Authorities should provide a period of at least six months between the effective and the compliance dates for any final regulations.

\* \* \* \* \*

Markit appreciates the opportunity to comment on the Authorities' proposed TR Rule. We would be happy to elaborate or further discuss any of the points addressed above. In the event you may have any questions, please do not hesitate to contact the undersigned or Salman Banaei at [salman.banaei@markit.com](mailto:salman.banaei@markit.com).

Yours sincerely,



Marcus Schüler  
Head of Regulatory Affairs

---

<sup>8</sup> Both are found at 39(3) of their respective releases.

Markit  
[marcus.schueler@markit.com](mailto:marcus.schueler@markit.com)