

Summary of comments to Guidelines and the JFSA's view on them

[Provisional Translation]

The English version of the comments and response have been translated from the original Japanese documents and are for reference purposes only. If there are any discrepancies as a result of the translation, the original Japanese version will prevail.

No	classification	Applicable part	Comments	Responses
1	General	-	<p>In our response to the public comments on the "Guidelines for Creating, Recordkeeping and Reporting of Transaction Information specified in Article 4(1) of the Cabinet Office Order on the Regulation of Over-the-Counter Derivatives Transactions, etc. (Draft)" published in September 2022, we asked JFSA to present its policy as soon as possible through public comments in a timely manner, in order to secure sufficient system development period in case of expansion of transaction reporting items or revision of allowable values. We appreciate the JFSA's response.</p> <p>In particular, we understand that setting the implementation dates for Delta and UPI at "April 7, 2025" reflects the consideration given to practical burdens on Japanese financial institutions and the efficiency of system development, while also being mindful for consistency with the implementation dates in other jurisdictions.</p> <p>We ask the JFSA to continue to provide necessary support, including feedbacks on the international regulatory discussion.</p> <p>We also request the JFSA to present its policy as soon as possible, in coordination with TRs as appropriate, when it decides to revise the transaction reporting items in light of international trends and discussions(*). We would also like to request the JFSA to allow flexibility with some details reported by the reporting entities for complex products and newly developed products in the future.</p> <p>(*): For example, product information such as asset class can be obtained from The Derivatives Service Bureau (DSB) by using UPI, so it may be deleted from transaction reporting items in the future.</p>	<p>Thank you for your opinion.</p> <p>Depending on the outcome of any international discussions, we will make any necessary changes to the "Definition and Interpretation of the matters to be reported" accordingly.</p> <p>Reporting details of complex products and newly developed products in the future should be made on a case-by-case basis per the market practice. If you are unsure, please contact us accordingly.</p>
2	Attachment 1	Item 7.8	<p>We note reporting branch Legal Entity Identifier ("LEI") is not allowed. According to the Global Legal Entity Identifier Foundation ("GLEIF") validation rule for common data file formats, international branches may have independent requirements for regulatory reporting and are therefore eligible for their own LEIs.</p> <p>Please see page 19 of the document: https://www.gleif.org/media/pages/about-isi/common-datafile-formats/level-2-data-reporting-exceptions-2-1-format/182852c8df-1695136612/2023-03-07_state-transition-validation-rules_v2.7.1_final.pdf</p> <p>Therefore, we would like to clarify the following -</p> <ul style="list-style-type: none"> - if the entity is designated as a branch under GLEIF definition, does that mean they must report with the LEI of their headquarter but not their own LEI number; and - for the branch LEI mentioned here, is this referring to the LEI assigned to domestic branch but not the international branch? 	<p>1. That would be correct.</p> <p>2. Reporting using branch/international branch LEI is not allowed. Please report with the LEI of their headquarter.</p>
3	Attachment 1	Item 19	<p>As stated in the remarks column as "Reporting of Confirmation timestamp is optional.", we would like to confirm the following:</p> <p>According to the current ISO Schema, "Confirmation Timestamp is mandatory" when reporting [ECNF] or [YCNF] under Confirmed (when a transaction is confirmed with the counterparty). Consistent with ISO Schema, TRs' systems from April 1, 2024 through September 27, 2024 also mentions that "Confirmation Timestamp is mandatory" when [ECNF] or [YCNF] is reported under Confirmed (although Confirmed is an optional item).</p> <p>Based on these considerations, until September 27, 2024, if it is difficult to report the Confirmation Timestamp, is it acceptable to leave the column for "Confirmed" as blank for both existing transactions and new transactions (in other words, since [ECNF] or [YCNF] has not been reported as "Confirmed," reporting of the Confirmation Timestamp is optional)?</p> <p>We understand that if the Confirmation Timestamp is changed to an optional item in ISO Schema, the Confirmation Timestamp will also be changed to an optional item in the TR's system (while "Confirmed" will be a mandatory item on and after September 27, 2024).</p>	<p>Reporting of Confirmation timestamp is optional.</p> <p>For details of how to provide information to a TR, please contact the TR.</p>
4	Attachment 1	Item 30	<p>In the final rules, the requirement for this data element is to provide only the date.</p> <p>In the latest consultation paper, this requirement has been revised to include the time.</p> <p>Question:</p> <p>1. If our firm is unable to provide the exact fixing time, are we fine to report a default fixing time e.g. 00:00:00Z?</p> <p>2. In the latest consultation paper, it mentioned that "If determining the time up to the seconds is impossible due to system restrictions, setting the time up to the seconds to "00" shall be acceptable" - we would like to clarify if this means we are can report "00:00:00" or does the "00" apply to seconds only?</p>	<p>1. That would be correct.</p> <p>2. Please report to the extent possible. For example, if seconds cannot be captured, enter up to the minutes and report the second as "00Z."</p> <p>Based on your opinion, the description in the remarks column has been changed to include an example.</p>
5	Attachment 1	Item 43.107	<p>As stated in the remarks column as "Reporting (including any amendments made on an existing trade)", we would like to confirm the following:</p> <p>Is it correct to understand that for transactions that were executed before April 7, 2025 and have not yet matured as of that date (existing transactions), if a change is made on transactions, market price, or collateral after that date, the reporting of "Delta" and "UPI" is required (that is, "Delta" and "UPI" may be left blank until such change is made)?</p>	<p>That would be correct.</p>
6	Attachment 1	Item 43	<p>1. As stated in the remarks column as "Reporting is required for options and swaptions shall be excluded", is it correct to understand that "swaption transactions," which are not subject for reporting, include (i) those in which swap transactions of the underlying assets begins, (ii) those in which market values of the swap transactions of underlying assets are paid or received, and (iii) those in which swap transactions are suspended (so-called callable swaps) when option rights are set to be executed once or multiple times?</p> <p>Furthermore, is it correct to understand that (iv) swaps where caps, floors, etc. are set, and (v) other non-linear swaps in general are also included?</p> <p>Also, is it correct to understand that "swaps," which are underlying assets of swaptions, include not only interest rate swaps but also currency swaps, CDS, equity swaps, etc.?</p> <p>2. If a transaction includes multiple risk assets, are there any rules on how Delta values are to be reported? Is it correct to understand that "Internal definitions based on each financial institution are acceptable" to mean that each financial institution reports what it deems appropriate from its internal management?</p> <p>3. Are there any plans to define the details of the calculation formula for Delta values? Is it correct to understand that the calculation method of Delta is not specified in these Guidelines, etc. but is defined and used by each company as appropriate for internal management?</p>	<p>1. Please report in accordance with the details described in the transaction confirmation. If there are no details specified in the confirmation, decisions should be made on a case-by-case basis per the actual circumstances. If you are unsure, please contact us accordingly.</p> <p>2, 3. Currently, there are no specified formulas to be used for calculating delta values, including for transactions involving multiple risk assets. Please report in accordance with each financial institution's internal definitions.</p>
7	-	-	<p>Please clarify the purpose of the revisions to the table in Attachment 1 "Basic view of the Allowable values for each data element" other than those related to Delta / UPI.</p> <p>The revisions should be explained to the public in a comprehensive manner and should not be limited to "necessary amendments have also been made".</p>	<p>These Guidelines have been prepared based on CDE Technical Guidance v3.0 published by the ROC (Regulatory Oversight Committee : an international governance body for LEI, UTI, UPI, and CDE), and several items have been amended to reflect the contents thereof.</p> <p>If you are uncertain with the contents of the guideline, please contact us accordingly.</p>