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# **DATA REPORTING WHAT ARE YOUR OBLIGATIONS? REGULATION 91-507**

June 2015

Derivatives Oversight Group



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# AGENDA

1. Introduction
2. Reporting obligation
3. Unique identifiers -UTI- UPI- LEI
4. Data dissemination and access to data
5. Important dates

# 1. INTRODUCTION

## G20 COMMITMENTS

« All standardized OTC derivative contracts should be traded on exchanges or electronic trading platforms, where appropriate, and cleared through central counterparties by end-2012 at the latest. **OTC derivative contracts should be reported to trade repositories.** Non-centrally cleared contracts should be subject to higher capital requirements. »

G20 Leaders Statement : The Pittsburgh Summit  
September 2009

# 1. INTRODUCTION

## OBJECTIVES OF THE REGULATION

The main objectives of Regulation 91-507 respecting trade repositories and derivatives data reporting ([Regulations-Derivatives](#)) are to :

- Increase transparency
- Improve applicable regulation
- Maintain financial stability
- Identify emerging risks

# 1. INTRODUCTION

## INTERNATIONAL CONSULTATION

CPSS-IOSCO Report on OTC derivatives data reporting and aggregation requirements (2012)

<http://www.iosco.org/library/pubdocs/pdf/IOSCOPD366.pdf>

CPSS-IOSCO Authorities' access to trade repository data (2013)

<https://www.bis.org/cpmi/publ/d108.pdf>

FSB: Aggregation Feasibility Study Group (AFSG) - February 2014 consultation

[http://www.financialstabilityboard.org/wp-content/uploads/r\\_140204.pdf](http://www.financialstabilityboard.org/wp-content/uploads/r_140204.pdf)

# 1. INTRODUCTION

## REGULATORY PROCESS CSA

The Canadian Securities Administrators (CSA) has drafted and published for comments of consultation papers and model rules,

Regulation 91-506 respecting derivatives determination and Regulation 91-507 respecting trade repositories and derivatives data reporting became effective December 31<sup>st</sup> 2013 in Quebec, Ontario and Manitoba,

The other provinces and territories are currently working on two separate multilateral instruments to the same effect.

## 2. REPORTING OBLIGATION

### WHAT OPERATIONS MUST BE REPORTED?

- All OTC derivatives transactions involving a local counterparty must be reported to a recognized trade repository
- “Transaction” means entering into, assigning, selling or otherwise acquiring or disposing of a derivative or the novation of a derivative
- “Derivative” means an option, a swap, a futures contract, a contract for difference or any other contract or instrument whose market price, value, or delivery or payment obligations are derived from, referenced to or based on an underlying interest, or any other contract or instrument designated by regulation or considered equivalent to a derivative on the basis of criteria determined by regulation

## 2. REPORTING OBLIGATION EXCLUSIONS

Some contracts are excluded from the application of the Regulation 91-507 by the Regulation 91-506 respecting derivatives determination ([Regulations-Derivatives](#)) :

- Gaming contracts
- Currency contracts settled in the spot market
- Derivatives settled by the delivery of the underlined commodity
- Insurance or annuity contracts

Regulation 91-507 also provides for a “de minimis” exclusion whereby the local counterparty is under no obligation to report derivatives data for a transaction, provided that (Art. 40) :

- Derivative whose underlined asset class is a commodity other than cash or currency **AND**
- The local counterparty is not a dealer **AND**
- The aggregate notional value under all its outstanding transactions is < \$ 500 000



## 2. REPORTING OBLIGATION

### WHO IS THE LOCAL COUNTERPARTY?

A local counterparty is :

- An entity organized under the laws of Québec or that has its head office or principal place of business in Québec; **or**
- An entity registered as a dealer under the Derivatives Act; **or**
- An affiliate of an entity organized under the laws of Québec or that has its head office or principal place of business in Québec, whose liabilities are guaranteed by the entity in Québec.

## 2. REPORTING OBLIGATION

### Who must report?

If the transaction **is cleared** through a reporting clearing house (as defined in Regulation 91-507)



If the transaction **is not cleared** through a reporting clearing house **AND**

If only one of the 2 counterparties is a person subject to the registration requirement as a dealer

If none of the counterparties are subject to the registration requirement as a dealer **AND** only one of the 2 counterparties is a Canadian financial institution



If none of the above situations is applicable



If none of the above applies



**The reporting clearing house** Art. 25 § 1



**The person subject to the registration requirement as a dealer** Art. 25 § 2 a)



**The Canadian financial institution**  
Art. 25 § 2 b)



**The counterparties agree in writing which one should act as the reporting counterparty** Art. 25 3)



**Both counterparties**  
Art. 25 § 4)

## 2. REPORTING OBLIGATIONS

### OBLIGATIONS OF THE REPORTING COUNTERPARTY

The reporting counterparty:

- Reports all data for a transaction to the same trade repository
  - In the event the reporting counterparty is either a recognized or exempt clearing house, the reporting shall be done to **the trade repository designated by the local counterparty** to the transaction Art. 26 9)
- Ensures the data is accurate and reports to the trade repository any error or omission in data to the trade repository Art. 26 6) et 7)
- May delegate its reporting obligations but remains responsible for ensuring the timely and accurate reporting of derivatives data Art. 26 2) et 3)

## 2. REPORTING OBLIGATION

### WHERE TO REPORT?

- Reporting needs to be done to a recognized trade repository, as of today the Authority has recognized three trade repositories - [Trade Repositories](#)
  - Chicago Mercantile Exchange Inc.
  - DTCC Data Repository (U.S.) LLC
  - ICE Trade Vault, LLC
- Regulation 91-507 states ongoing requirements for a recognized trade repository related to:
  - IT general controls and data security
  - Rules, policies and procedures should be in place, maintained and enforced
  - Governance and appropriate controls to identify and minimize risks
- Regulation 91-507 also provides for a “direct” reporting to the Authority in the event no recognized trade repository accepts the data required to be reported hereunder Art. 26 4)

## 2. REPORTING OBLIGATIONS

### WHAT DATA MUST BE REPORTED?

- Creation data: that is to say the data listed in Appendix A of Regulation 91-507, which also specifies the required data fields for pre-existing transactions and the data fields to be used for public data dissemination
- Life-cycle event data: it includes any new data and those resulting from changes to the creation data
- Valuation data: the data that reflects the current value of the transaction that can be calculated using an industry-accepted methodology

## 2. REPORTING OBLIGATIONS

### WHEN IS THE REPORTING DUE?

Description of the data	When is the reporting due?		
	When the reporting counterparty is:		
	Clearing house	Person subject to the registration requirement as a dealer	Other market participant
<b>Creation data:</b> as listed in Appendix A - Art. 31	<u>In real-time</u> , upon execution and no later than end of day of the next business day		
<b>Life-cycle event data</b> - Art. 32	The day of the event, and no later than the end of day of the next business day		
<b>Valuation data</b> - Art.33	Daily, no later than end of day of the next business day		Quarterly, but no later than 30 days after the end of the quarter

### 3. UNIQUE IDENTIFIERS

#### UNIQUE TRANSACTION IDENTIFIER (UTI)

- The Regulation specifies that a recognized trade repository must assign a unique transaction identifier (UTI) using either:
  - the trade repository’s own methodology; **or**
  - a unique identifier provided to the trade repository at the time of reporting
- All transactions must have a UTI generated at the beginning of the transaction
- A UTI, as defined by an other jurisdiction, can be used

# 3. UNIQUE IDENTIFIERS

## UNIQUE PRODUCT IDENTIFIER (UPI)

- Regulation 97-507 specifies that the reporting counterparty must identify each transaction with a unique product identifier (UPI)
- ISDA created a taxonomy for UPI for all categories of OTC derivatives [Identifiers and OTC Taxonomies](#)
- UPIs describe with an adequate level of detail:
  - The asset class of derivative
  - The underlying asset



### 3. UNIQUE IDENTIFIERS

#### LEGAL ENTITY IDENTIFIER (LEI)

- What is a LEI?
- Who needs to have a LEI?
- Where can you get a LEI?
- What is the process to receive a LEI?
- What information is necessary to obtain a LEI?
- What are your obligations once you have a LEI?
- Where else are LEIs required?

### 3. UNIQUE IDENTIFIERS

#### LEGAL ENTITY IDENTIFIER (LEI)

**What you need to always keep in mind:**

- Everyone needs a LEI
- Use one LEI for all reporting

### 3. UNIQUE IDENTIFIERS

#### LEGAL ENTITY IDENTIFIER (LEI)

**What is a LEI? It stands for Legal Entity Identifier**

Example: 5493008NRL4MG0HDER74

- It's a 20 character code using ISO standard 17442:2012
- This unique identifier scheme is endorsed by G20 and sponsored by FSB
- The LEI Regulatory Oversight Committee (LEIROC) supervises its implementation until the Global LEI Foundation is fully operational <http://www.leiroc.org/> and <https://www.gleif.org/en>

# 3. UNIQUE IDENTIFIERS

## LEGAL ENTITY IDENTIFIER (LEI)

### Who needs to have a LEI?

- All reporting and non-reporting counterparties
- Reporting agent if not a counterparty
- Any clearing house where trade was cleared whether or not it has the duty to report
- Clearing member if not a counterparty
- Dealers acting as intermediary if not a counterparty
- Electronic trading venue where the trade is executed

### 3. UNIQUE IDENTIFIERS

#### LEGAL ENTITY IDENTIFIER (LEI)

#### Where can you get a LEI?

- Local Operating Units, LOUs, issue LEI upon request
- There are over twenty LOUs worldwide that have been endorsed by the LEI ROC
- A list of endorsed LOUs is available at:  
<http://www.leiroc.org/faq/index.htm>

### 3. UNIQUE IDENTIFIERS

#### LEGAL ENTITY IDENTIFIER (LEI)

#### What is the process to receive a LEI?

- Submission of the application to a LOU with all necessary details
- In general registration can be done on the LOU's internet website
- LOU will validate information prior to issuance
- Payment (approx. \$200-300)

### 3. UNIQUE IDENTIFIERS

#### LEGAL ENTITY IDENTIFIER (LEI)

#### What information is necessary to obtain an LEI?

- Official name of the entity
- Address of head office
- Place of incorporation
- Name of business registry where entity is formed (if applicable)
- Business registry ID (if applicable)

### 3. UNIQUE IDENTIFIERS

#### LEGAL ENTITY IDENTIFIER (LEI)

**What are your obligations once you have a LEIs?**

- Use only one LEI for all reporting
- Notify the LOU of changes to the reference data
- Submit to the annual verification by LOU
- You may port your LEI to any endorsed LOU



# 3. UNIQUE IDENTIFIERS

## LEGAL ENTITY IDENTIFIER (LEI)

### Where else are LEIs required?

- CFTC trade reporting rules
- EMIR reporting rules
- US National Association of Insurance Commissioners  
<http://www.naic.org>
- European Banking Authority (proposed) <https://www.eba.europa.eu>
- IIROC Debt reporting (proposed) <http://www.ocrcvm.ca>

### 3. UNIQUE IDENTIFIERS

#### LEGAL ENTITY IDENTIFIER (LEI)

#### In summary:

- Everyone needs a LEI
- Get one from a ROC-endorsed LOU
- Use one LEI for all reporting

## 4. DATA DISSEMINATION AND ACCESS

- AMF: should have a direct, continuous and timely electronic access
- Counterparties: should have access to data on their transactions
- Public: should have access to aggregate and anonymous data

**The identity of the counterparties to a transaction will not be publicly disclosed**

## 5. EFFECTIVE DATES

	For reporting clearing houses, persons subject to the registration requirement as a dealer and Canadian financial institutions	For all other market participants
Effective date of Regulation 91-507	<b>December 31<sup>st</sup> 2013</b>	
When does the reporting obligation becomes effective?	<b>October 31<sup>st</sup> 2014</b>	<b>June 30<sup>th</sup> 2015*</b>
Deadline for the reporting of pre-existing transactions	Transaction entered into prior to October 31 <sup>st</sup> 2014 and that expires or terminates after April 30 <sup>th</sup> 2015 <b>April 30<sup>th</sup> 2015</b>	Transaction entered into prior to June 30 <sup>th</sup> 2015 and that expires or terminates after December 31 <sup>st</sup> 2015 <b>December 31<sup>st</sup> 2015</b>

**\*The Authority published Decision n° 2015-PDG-0089 early June 2015, whose purpose is to defer to a future date, the implementation of the duty to report with respect to intragroup transactions among market participants (which are not reporting clearing houses or persons subject to the registration requirement as a dealer nor Canadian financial institutions) provided that such intragroup transaction meets certain conditions (see Section 6.10 of AMF Bulletin, June 4 2015, Vol. 12, no 22)**



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