2017–015 and should be submitted on or before August 30, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[18]

Eduardo A. Aleman,
Assistant Secretary.

[FR Doc. 2017–16739 Filed 8–8–17; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–81302; File No. SBSDR–2016–02]

Security-Based Swap Data Repositories; DTCC Data Repository (U.S.), LLC; Notice of Filing of Amended Application for Registration as a Security-Based Swap Data Repository

August 3, 2017.

I. Introduction

On April 28, 2017, DTCC Data Repository, LLC ("DDR") filed with the U.S. Securities and Exchange Commission ("Commission" or "SEC") an amended application pursuant to Section 13(n)(1) of the Securities Exchange Act of 1934 ("Exchange Act")[1] and Exchange Act Rule 13n–1 thereunder,[2] seeking registration as a security-based swap data repository ("SDR") for security-based swap ("SBS") transactions in the equity, credit, and interest rate[3] derivatives asset classes ("Amended Form SDR").[4]

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[18] 17 CFR 200.30–3(a)(12).

[1] 15 U.S.C. 78m(n)(1).

[2] 17 CFR 240.13n–1.

[3] DDR seeks to include in its application the "interest rates" asset class based on feedback from potential DDR participants who have identified certain types of transactions which will be reported through the interest rate infrastructure within the industry and that the industry participants have identified as falling under the definition of a SBS. The Commission notes that DDR's application is for registration as a SBS data repository, which the Exchange Act defines as a "person that collects and maintains information or records with respect to transactions or positions in, or the terms and conditions of, security-based swaps entered into by third parties for the purpose of providing a centralized recordkeeping facility for security-based swaps." 15 U.S.C. 78c(a)(75).

[4] DDR filed its Amended Form SDR, including the exhibits thereto, electronically with the Commission. The descriptions set forth in this notice regarding the structure and operations of DDR have been derived, excerpted, and/or summarized from information in DDR's Amended Form SDR application, which outlines the applicant's policies and procedures designed to address its statutory and regulatory obligations as an SDR registered with the Commission. DDR's Amended Form SDR and non-confidential exhibits thereto are available on *https://www.sec.gov/cgi-bin/browse-edgar?company=dtcc&owner=exclude&action=getcompany*. In addition, the public may access copies of these

DDR filed its initial application with the Commission ("Initial Form SDR") on April 6, 2016, as amended on April 25, 2016, and notice thereof was published in the **Federal Register** on July 7, 2016, to solicit comment from interested persons.[5] The Commission received five comment letters to date on DDR's Initial Form SDR.[6]

DDR submitted its Amended Form SDR with both technical and substantive changes, including, but not limited to, revisions to several important policies and procedures. DDR's Amended Form SDR described herein includes[7] substantive amendments to DDR's policies and procedures relating to fees and fee policies, calculation of positions, resolution of disputes, termination and disciplinary procedures, access to and use of data, and compliance with Regulation SBSR. The Commission seeks comment from interested parties on the Amended Form SDR, the changes discussed in this notice, as well as any other changes DDR made in its Amended Form SDR, and is publishing DDR's revisions in its Amended Form SDR with a 21-day comment period.[8]

II. Background

A. SDR Registration, Duties and Core Principles, and Regulation SBSR

Section 763(i) of the Dodd-Frank Wall Street Reform and Consumer Protection

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materials in redlined form on the Commission's Web site at: *https://www.sec.gov/rules/other/2017/34-81302.pdf*. DDR's Form SDR application also constitutes an application for registration as a securities information processor. *See* Exchange Act Release No. 74246 (Feb. 11, 2015), 80 FR 14438, 14458 (Mar. 19, 2015) ("SDR Adopting Release").

[5] *See* Exchange Act Release No. 78216 (June 30, 2016), 81 FR 44379 (July 7, 2016) ("DDR Notice Release").

[6] *See* letters from Jennifer S. Choi, Associate General Counsel, Investment Company Institute (August 5, 2016); Tara Kruse, Director, Co-Head of Data, Reporting and FpML, International Swaps and Derivatives Association, Inc. (August 8, 2016); Andrew Rogers, Director and Global Head of Reference Data, IHS Markit (Aug. 8, 2016); Katherine Delp, DDR Business Manager, DTCC Data Repository (U.S.) LLC (September 1, 2016); Timothy W. Cameron, Asset Management Group—Head, and Laura Martin, Asset Management Group—Managing Director and Associate General Counsel, Securities Industry and Financial Markets Association (August 5, 2016. Copies of all comment letters are available at *https://www.sec.gov/comments/sbsdr-2016-01/sbsdr201601.htm*.

[7] DDR is amending, replacing or eliminating a number of its exhibits not discussed in this notice. Please *see* Amended Form SDR to view all changes to DDR's Amended Form SDR, available at *https://www.sec.gov/cgi-bin/browse-edgar?company=dtcc&owner=exclude&action=getcompany* and *https://www.sec.gov/rules/other/2017/34-81302.pdf*.

[8] The Commission intends to address any comments received for this notice, as well as those comments previously submitted regarding the Initial Form SDR, when the Commission makes a determination of whether to register DDR as an SDR pursuant to Rule 13n–1(c).

Act of 2010 added Section 13(n) to the Securities Exchange Act of 1934 ("Exchange Act"), which makes it "unlawful for any person, unless registered with the Commission, directly or indirectly, to make use of the mails or any means or instrumentality of interstate commerce to perform the function of a security-based SDR." To be registered and maintain registration, each SDR must comply with certain requirements and "core principles" described in Section 13(n) as well as any requirement that the Commission may impose by rule or regulation.[9]

Exchange Act Rules 13n–1 through 13n–12 ("SDR Rules"), establish the procedures and Form SDR by which an SDR shall register with the Commission and certain "duties and core principles" to which an SDR must adhere.[10] Among other requirements, the SDR Rules require an SDR to collect and maintain complete and accurate SBS data and make such data available to the Commission and other authorities so that relevant authorities will be better able to monitor the buildup and concentration of risk exposure in the SBS market.[11]

Concurrent with the Commission's adoption of the SDR rules, the Commission adopted,[12] and later amended,[13] Exchange Act Rules 900 to 909 ("Regulation SBSR"),[14] which, among other things, provide for the reporting of SBS trade data to registered SDRs, and the public dissemination of SBS transaction, volume, and pricing information by registered SDRs. In addition, Regulation SBSR requires each registered SDR to register with the Commission as a securities information processor ("SIP").[15]

B. Standard for Granting SDR Registration

To be registered with the Commission as an SDR and maintain such registration, an SDR is required (absent an exemption) to comply with the requirements and core principles described in Exchange Act Section 13(n), as well as with any requirements that the Commission adopts by rule or

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[9] 15 U.S.C. 78m(n).

[10] 17 CFR 240.13n–1 through 13n–12. *See also* SDR Adopting Release, 80 FR 14438.

[11] *See id.* at 14450.

[12] *See* Securities Exchange Act Release No. 74244 (Feb. 11, 2015), 80 FR 14563 (Mar. 19, 2015).

[13] *See* Securities Exchange Act Release No. 78321 (July 14, 2016), 81 FR 53546 (Aug. 12, 2016).

[14] *See* 17 CFR 242.900 to 242.909; *see also* Exchange Act Release No. 74244 (Feb. 11, 2015), 80 FR 14563 (Mar. 19, 2015) ("Regulation SBSR Adopting Release").

[15] *See* Regulation SBSR Adopting Release, 80 FR at 14567.

regulation.[16] Exchange Act Rule 13n–1(c)(3) provides that the Commission shall grant the registration of an SDR if it finds that the SDR is so organized, and has the capacity, to be able to (i) assure the prompt, accurate, and reliable performance of its functions as an SDR; (ii) comply with any applicable provisions of the securities laws and the rules and regulations thereunder; and (iii) carry out its functions in a manner consistent with the purposes of Section 13(n) of the Exchange Act and the rules and regulations thereunder.[17] The Commission shall deny registration of an SDR if it does not make any such finding.[18]

In determining whether an applicant meets the criteria set forth in Exchange Act Rule 13n–1(c), the Commission will consider the information the applicant includes on its Form SDR, as well as any additional information obtained from the applicant. For example, Form SDR requires an applicant to provide a list of the asset class(es) for which the applicant is collecting and maintaining data or for which it proposes to collect and maintain data, a description of the functions that it performs or proposes to perform, general information regarding its business organization, and contact information.[19] This, and other information reflected on the Form SDR, will assist the Commission in understanding the basis for registration as well as the SDR applicant's overall business structure, financial condition, track record in providing access to its services and data, technological reliability, and policies and procedures to comply with its statutory and regulatory obligations.[20] Furthermore, the information requested in Form SDR will enable the Commission to assess whether the SDR applicant would be so organized, and have the capacity to comply with the applicable provisions of federal securities laws and the rules and regulations thereunder, and ultimately whether to grant or deny an application for registration.[21]

III. DDR's Amended Form SDR

As discussed in more detail below, in its Amended Form SDR, DDR filed a number of amendments to the following provisions.

A. User Fee Schedule and Policies

Section 13(n)(7)(A) of the Exchange Act provides that an SDR shall not (i) adopt any rule or take any action that results in any unreasonable restraint of trade; or (ii) impose any material anti-competitive burden on the trading, clearing or reporting of transactions.[22] Exchange Act Rule 13n–4(c)(1)(i) requires each SDR to ensure that any dues, fees, or other charges that it imposes, and any discounts or rebates that it offers, are fair and reasonable and not unreasonably discriminatory.[23] The rule also requires such dues, fees, other charges, discounts, or rebates to be applied consistently across all similarly situated users of the SDR's services.[24]

In its Amended Form SDR, DDR revises its fees in Exhibit M and provides additional information about the policies associated with DDR's fees and the assessment of its fees in both Exhibit M and Exhibit GG3 "Guide to Security-Based Swap Data Repository Process" ("Guide"). The revisions to the fees detailed in Exhibit M consist of four substantive changes.

First, DDR states that it is eliminating the "Variable Monthly Maintenance Fee" and establishing a new monthly "Position Maintenance Fee." This monthly fee will be imposed on a party who has signed a DDR user agreement (herein referred to as "User") based on the aggregate number of positions open on any day during the month.[25] Derivatives clearing organizations, as defined in Section 1(a)(15) of the Commodity Exchange Act[26] ("Clearer"), are not considered a User for purposes of the position maintenance fee. The following applies to Position Maintenance Fees:

• There are no Position Maintenance Fees for less than five hundred (500) aggregate positions during any month, which shall be determined in the aggregate for entities billed on the same invoice;

• For a position count of five hundred (500) or more aggregate positions during any month, which shall be determined in the aggregate for entities billed on the same invoice, the applicable Position Maintenance Fees shall apply; and

• Position Maintenance Fees shall be based on the position count during the month even if liquidated prior to month end.

Responsibility for Position Maintenance Fees is as follows:

• For Cleared Positions, the non-Clearer counterparty shall be responsible for Position Maintenance Fees. As used herein, "Cleared Position" means a position where a Clearer is a counterparty;

• For a position submitted by a swap execution facility ("SEF") or designated contract market ("DCM"), the User, who is not the SEF or DCM, for whom or on behalf of whom the trade is submitted shall be responsible for Position Maintenance Fees; and

• For all other positions submitted by, for or on behalf of a User where the submission specifies a "reporting obligation value of SEC,"[27] the User shall be responsible for Position Maintenance Fees.

Second, DDR is eliminating the "Monthly Access Fee" and establishing a new annual "Account Management Fee." This annual fee of $1,200.00 will replace the Monthly Access Fee of $200.00 ($2,400.00 annualized) and will apply to all account holders, excluding regulators and Clearers. The Account Management Fee is in addition to, and not in place of, applicable Position Maintenance Fees and will not serve to reduce in any way the amount of the Position Maintenance Fees.

Third, Users will now have the option to elect to enter into a three-year commitment ("Long Term Commitment"), which reduces the applicable position maintenance fee and account management fee by 10 percent, exclusive of tax, for a three-year period following the Long Term Commitment election. If the Long Term Commitment is "improperly" terminated prior to the end of the applicable Long Term Commitment period, the User will be subject to an early termination fee equal to: (a) The difference between the total amount of fees due after application of the Long Term Commitment incentive and the total amount of fees that would have been due during the applicable portion of the Long Term Commitment period had no incentive been provided ("Total Incentive Provided"); plus (b) the greater of 5 percent of the Total Incentive Provided or $500.00.

Finally, DDR is establishing a late fee. In the event all or any undisputed portion of the a User's invoice becomes ninety days or more past due, the User will be subject to a late fee equal to 5% of the past due balance. The late fee will continue to be assessed on a monthly basis until the full amount of the past due balance is paid.

In its Amended Form SDR, DDR also adds a new description to the Guide to provide further detail on User fees.[28] DDR states that all account holders, excluding regulators and Clearers, will

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[16] See Exchange Act Section 13(n)(3), 15 U.S.C. 78m(n)(3).

[17] 17 CFR 240.13n–1(c)(3).

[18] *Id.*

[19] See SDR Adopting Release, 80 FR at 14459.

[20] *Id.*

[21] See SDR Adopting Release, 80 FR at 14458–59.

[22] 7 U.S.C. 24a–(f)(1)(A), (B).

[23] 17 CFR 240.13n–3(c)(1)(i). *See also* SDR Adopting Release, 80 FR at 14479.

[24] *Id.*

[25] For examples of DDR's application of the position maintenance fee, see DDR's Amended Form SDR, Exhibit M, Annex A.

[26] 7 U.S.C. 1(a)(15).

[27] We understand that DDR uses the term "reporting obligation value of SEC" to refer to the field that DDR requires Users to complete to identify that the trade is being submitted to DDR pursuant to Regulation SBSR.

[28] DDR provides a fee schedule for DDR Users on its Web site at *http://www.dtcc.com/derivatives-services/global-trade-repository/gtr-us.*

be subject to an annual Account Management Fee, regardless of whether they are a reporting side or party ("Reporting Party") or non-reporting side or counterparty ("Non-Reporting Counterparty"). This fee is assessed at the organization level. Accordingly, a fund manager or corporate parent with several funds or subsidiary entities on-boarded under its organization as subaccounts will owe one account management fee. Alternatively, each fund or entity could be setup with its own billing profile and account (*i.e.,* not a subaccount). In this case, DDR explains, each fund or entity, as the account holder for its own account, will be charged the account management fee. In addition to the Account Management Fee, a party who has signed a DDR user agreement, excluding regulators and Clearers, may be subject to Position Maintenance Fees. Further, a party that is not on-boarded with DDR is not subject to any DDR fees.

B. Policies and Procedures for Calculation of Positions

Exchange Act Rule 13n–5(b)(2) requires an SDR to establish, maintain, and enforce written policies reasonably designed to calculate positions for all persons with open security-based swaps for which the SDR maintains records.[29] Position information is important to regulators for risk, enforcement, and examinations purposes, and can be useful to counterparties in evaluating their own risk.[30]

In its Amended Form SDR, DDR's Guide provides an updated description of how it calculates positions for open SBS. In order to calculate Positions, DDR states that it requires reporting parties to provide all necessary information in order to establish the trade state for a specific swap ("Trade State"). Upon request, based on the data attributes available in DDR's databases, DDR is able to utilize the Trade States to allow for the calculation of specific positions based on one or more of the following attributes: (i) Underlying instrument, index, or reference entity; (ii) counterparty; (iii) asset class; (iv) long risk of the underlying instrument, index, or reference entity; and (v) short risk of the underlying instrument, index, or reference entity.[31]

C. Policies and Procedures Regarding Denial of a User Application, Restrictions on Use and Assessment of Costs, and Certain "Disciplinary Actions"

As part of its Amended Form SDR, DDR is modifying Section 10 of Exhibit HH2,[32] DDR's Rulebook ("Rulebook"), to address the denial of a User application; the restriction of use of DDR's systems and assessment of certain costs; and procedures for certain "disciplinary actions."

1. Denial of User Application (Notification to the Commission Under Section 11A of the Exchange Act)

Rule 909 of Regulation SBSR requires each registered SDR to register as a SIP, [33] and as such, Exchange Act Section 11A(b)(5),[34] the provision governing access to services of a SIP, also governs denials of access to services by an SDR.[35] Section 11A(b)(5) provides that if any SIP prohibits or limits any person in respect of access to services offered, directly or indirectly, the SIP shall promptly file notice with the Commission.[36] Accordingly, an SDR must promptly notify the Commission if it prohibits or limits access to any of its services to any person.

In Section 10.2.1 of DDR's revised Rulebook, DDR supplements its discussion in this section of the Initial Form SDR by providing that in the case of a denial of an application to become a User, DDR will furnish the Commission with notice of the denial in such form and containing such information as prescribed by the Commission ("SIP Denial Notice"). Further, DDR states that such notice will be subject to review by the Commission on its own motion, or upon application by the denied application pursuant to Section 11A of the Exchange Act. If the Commission does not dismiss the proceeding to review the SIP Denial Notice or if the Commission by order sets aside the SIP Denial Notice and requires DDR to permit the applicant access to all or any SDR services offered by DDR as a SIP, then DDR will comply with such order or will take such further action as may be afforded DDR under applicable law. Further, DDR states the

written statement setting forth the grounds for the application denial determination will inform the applicant of its right to request a DDR hearing pursuant to DDR's Rule 10.2.1.1.

2. Restrictions on Use and Assessment of Costs [37]

In its Amended Form SDR, DDR also revises Section 10.4.1(a) of its Rulebook to provide that DDR's "Senior Officer" [38] and CCO may temporarily deny access to or otherwise impose restrictions on the use of the DDR system on a User, or take such other actions as DDR deems reasonably necessary to protect its systems and other Users for any one of the following reasons: (i) A violation of DDR rules (including failure to pay fees when due); (ii) any neglect or refusal by the User to comply with any applicable order or direction of DDR; or (iii) any error, delay or other conduct that materially and adversely affects the operations of DDR. The reasons underlying a disciplinary action enumerated in Section 10.4.1(a) remain unchanged from DDR's Initial Form SDR. DDR further revises Section 10.4.1(a) to add that in addition to the limits to the activities, functions, or operations imposed on Users in the event of an occurrence of a Subject Event, and in addition to any other action taken by DDR, DDR may assess the User with all costs incurred by DDR in connection with the Subject Event and may apply any deterrent charges that DDR deems necessary.

3. Procedures for "Disciplinary Proceedings"

In Section 10.4.2(a) of its Rulebook, DDR provides additional clarification on its procedures for disciplinary actions taken pursuant to Rule 10.4.1. The amended text states that before any disciplinary action is taken under Section 10.4.1, DDR will furnish the User with a concise written statement of the "charges." However, DDR adds, no prior written statement shall be required to be provided if the action is being taken by DDR is in response to protecting the security of data, the DDR system or other Users. In those circumstances, a written statement shall

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[29] 17 CFR 240.13n–5(b)(2).

[30] *See* Exchange Act Release No. 63347 (Nov. 19, 2010), 75 FR 77306 (Dec. 10, 2010), corrected at 75 FR 79320 (Dec. 20, 2010) and 76 FR 2287 (Jan. 13, 2011).

[31] *See also* Rule 13n–5(a)(2) defining "position" as the gross and net notional amounts of open SBS attributes, including, but not limited to, the (i) underlying instrument, index or reference entity; (ii) counterparty; (iii) asset class; (iv) long risk of the

underlying instrument, index or reference entity; and (v) short risk of the underlying instrument, index, or reference entity. 17 CFR 240.13n–5(a)(2).

[32] In its Initial Form SDR, DDR filed Exhibit HH1 as its Rulebook. In its Amended Form SDR, DDR has deleted Exhibit HH1 and filed its Rulebook as Exhibit HH2.

[33] 17 CFR 242.909.

[34] 15 U.S.C. 78k–1(b)(5).

[35] *See* 15 U.S.C. 78k–1(b)(5). *See also* SDR Adopting Release, 80 FR at 14482.

[36] 15 U.S.C. 78k–1(b)(5).

[37] DDR renamed Rule 10.4 from "Sanctions from Disciplinary Proceedings" to "Other Disciplinary Actions" and renamed Rule 10.4.1 from "Imposition of Sanctions" to "Restriction of Use and Costs."

[38] DDR made a number of conforming changes throughout several exhibits to replace the chief executive officer position with a "senior officer" position. See, among others, Exhibit F of DDR's Amended Form SDR. The term "senior officer" is defined under Exchange Act Rule 13n–11(b)(8) as the chief executive officer or other equivalent officer. 17 CFR 240.13n–11(b)(8).

"promptly" follow the DDR action. The other provisions of Section 10.4.2 remain unchanged.

D. Access To and Use of Data

Exchange Act Sections 13(n)(5)(G) and (H) conditionally require SDRs to make SBS data available to certain named authorities and other persons that the Commission has deemed to be appropriate. In 2016, the Commission adopted Exchange Act Rules 13n–4(b)(9), (b)(10) and (d) to implement this data access requirement.[39]

1. Access to U.S. Data by Regulators

In addition to renaming this section to "Access to Data by Other Regulators and Entities" in its Amended Form SDR, DDR amends Section 6.5 of its Rulebook[40] to require that any entity authorized by applicable law to receive access to data held by DDR shall: (a) Have entered into a memorandum of understanding, as required under applicable law, (b) file a request for access with DDR, wherein the entity specifically describes the data sought and certifies in a manner acceptable to DDR that the entity is acting within the scope of its jurisdiction and confidentiality agreement, and (c) provide any additional information required by DDR to fulfill the request.[41] Section 6.5.1 further states that DDR will provide access to the requested security-based swap data (or swap data), following notice to the Designated Regulator and the satisfaction of the requirements of Section 6.5.

2. Denial of Access to Data

In its Amended Form SDR, DDR adds new Section 6.7 of its Rulebook to describe the process by which DDR may deny access to data requested pursuant to Section 6.2 through 6.6, the provisions that describe access by designated regulators (Section 6.2), DDR use of SBS data information (Section 6.3), access by third party service providers (Section 6.4), access by "other" regulators (Section 6.5), and access to systems and data generally (Section 6.6). DDR states in new Section 6.7 that the party making the request for

access to data pursuant to Section 6.2 through 6.6 of the Rulebook shall be notified of the grounds for the denial and as such, is responsible to address the issues identified in the denial notice and resubmit the application in accordance with the applicable provisions of Section 6 of Exhibit HH2.

E. Certain Policies and Procedures Related to Compliance With Regulation SBSR

As part of its Amended Form SDR, DDR revises several aspects of its application that relate to compliance with Regulation SBSR. As discussed below, DDR provides additional detail to clarify how it intends to support the reporting of SBS information and the manner in which it will publicly disseminate SBS transaction, volume, and pricing information.

1. Policies and Procedures for Reporting SBS Transactions

Rule 907 of Regulation SBSR requires an SDR to establish and make publicly available certain policies and procedures, which include the specific data elements that must be reported, acceptable data formats, and the procedures for reporting life cycle events and error corrections.[42] As discussed below, DDR expands the discussion in the Guide and Rulebook related to the reporting of SBS transactions, including historical SBS, SBS that have been submitted to clearing, and the reporting of life cycle events and error corrections. DDR also provides further detail on its policies and procedures related to UIC reporting.

In addition to the revisions in the Guide and Rulebook, DDR also revises Exhibits GG2, GG4, and GG6, which contain data fields, required formats and validations for the data Users must submit. In its revised Exhibits GG2, GG4, and GG6, DDR provides additional information on acceptable data value formats and validation rules. DDR continues to require separate messages for public dissemination ("PPD Messages") and for updating the position record. In its Guide, DDR also requires that PPD Messages be sent at the same time as position messages (*i.e.,* Primary Economic Terms ("PET"), Confirmation, and/or Snapshot messages). For more information on the content of Exhibits GG2, GG4, and GG6, interested persons may review those exhibits.

a. Policies and Procedures for Reporting Historical SBS

In its Amended Form SDR, DDR expands the discussion in its Guide related to the reporting of historical SBS to clarify how Users must report such transactions. The Guide now states that Users must specify a transaction as "historical,"[43] "historical expired,"[44] or "backload,"[45] when applicable. DDR states in its Guide that it will apply relaxed validation standards to these three categories of trades and provides additional detail on these validation standards in Exhibits GG2, GG4 and GG6.

b. Policies and Procedures for SBS Submitted to Clearing

DDR includes new information on how it will process trades submitted for clearing in its revised Guide, including how clearing agencies must report whether an "alpha transaction"[46] has been accepted or rejected for clearing. The Guide now states the following:

DDR requires each User to indicate whether a trade will be submitted for clearing. Once a trade has been accepted for clearing, the clearing agency will send an "exit" message for the alpha. DDR views a clearing agency's exit message as the acceptance message of the trade for clearing. The exit message removes the alpha trade in deference to the beta and gamma trades. If an alpha trade is rejected for clearing, DDR requires the clearing agency to send DDR a "rejection" message. The rejection message will not modify the trade that was rejected for clearing by exiting or changing the terms of that trade. The reporting party is responsible for exiting or amending a trade that is rejected for clearing. Both acceptance and rejection messages will be rejected by the

DDR System if the alpha has not already been accepted and processed by DDR. This provides a control to ensure reporting is occurring in the order that is required *e.g.,* a rejection message will not be processed prior to the processing of the alpha message.

c. Policies and Procedures for Reporting Life Cycle Events and Correcting Errors

In its revised Guide, DDR clarifies how Users must submit life cycle events versus how Users submit error corrections, providing examples for both submission types. The new examples in the Guide provide that, for reporting life cycle events, Users specify a ''New'' action type and an ''Amendment'' transaction type,[47] whereas for submitting error corrections Users must specify a ''Modify'' action type with a ''Trade'' transaction type in their message to DDR.[48] As previously noted, trades subject to public dissemination require two reports: A PPD Message and a position message. Accordingly, reporting life cycle events or submitting error corrections also may require two reports to ensure that the information disseminated publicly is consistent with position information.[49]

2. Applying, Identifying and Establishing Certain Flags

Exchange Act Rule 907(a)(4) requires an SDR to have policies and procedures for identifying and establishing flags to denote characteristics or circumstances associated with the execution or reporting of an SBS that could, in the SDR's reasonable estimation, cause a person without knowledge of these characteristic(s) or circumstance(s), to receive a distorted view of the market and for applying and directing users to apply such flags, as applicable.[50] In its Amended Form SDR, DDR expands the list of flags Users may submit in Exhibits GG2, GG4 and GG6.[51] In addition, DDR outlines its policies and procedures for identifying the need for and establishing new flags in the Guide:

Prior to the dissemination of a SBS that is newly required to be reported, DDR will ascertain if a new flag is necessary by considering, among other things, identifying characteristic(s) of a security-based swap, or circumstances associated with the execution or reporting of the security-based swap, that

could, in the fair and reasonable estimation of the registered security-based swap data repository, cause a person without knowledge of these characteristic(s) or circumstance(s), to receive a distorted view of the market. DDR then will determine whether to establish flags to denote such characteristic(s) or circumstance(s) and will direct participants that report security-based swaps to apply such flags, as appropriate, in their reports to the registered security-based swap data repository.

3. Unique Identification Codes

Rule 903 of Regulation SBSR requires a registered SDR to use Unique Identification Codes (''UICs'').[52] The following UICs are specifically required by Regulation SBSR: Counterparty ID, product ID, transaction ID, broker ID, execution agent ID, branch ID, trading desk ID, trader ID, platform ID, and ultimate parent ID.[53] Rule 903(b) of Regulation SBSR provides that a registered SDR may permit required data elements to be reported using codes if the information necessary to interpret such codes is widely available to users on a non-fee basis.[54] DDR's Guide provides additional detail with respect to assigning and reporting certain UICs. DDR's Guide now states:

As prescribed by regulation and the DDR Rulebook, all market participants must provide identifier information in the manner and form requested by DDR. It shall be the responsibility of each Reporting Party to maintain, or cause the relevant Market Participant to maintain, the identifiers described below (including, but not limited to an internal mapping of static data) and to ensure they are current and accurate. Users are required to notify DDR of any changes to information they provided through the on-boarding process, including but not limited to identifiers and any relevant internal mapping of static data. Upon the written request of DDR, a Reporting Party must promptly provide such identifier information, including any internal mapping, in the manner and form requested by DDR.

Regarding transaction ID, the Guide now states that DDR endorses the Committee on Payments and Market Infrastructures of the International Organization of Securities Commissions (''CPMI–IOSCO'') guidance for a global unique transaction identifier and that firms are required to provide this when reporting transaction IDs to DDR, rather than creating their own transaction IDs as the Guide previously provided.

With respect to product ID, the Guide now states that ''DDR accepts a

taxonomy on a product classification system'' utilizing proprietary identifiers that include Committee on Uniform Security Identification Procedures (CUSIP) numbers,[55] International Securities Identification Numbering (ISIN) codes,[56] and Markit Reference Entity Database (RED) codes.[57] DDR further states the following:

DDR will rely on the above referenced classification systems until such time as an internationally recognized standard-setting system is recognized by the SEC. DDR requires information sufficient to identify the data and calculate price as required by Applicable Regulation or the data must be flagged as a customized swap.

Regarding parent and affiliate information, DDR amends Section 4.2.3.2 of its Rulebook to allow non-Users to report ultimate parent and affiliate information by emailing such information to DDR. However, DDR states that ''this is not a preferred submission method because information provided by email does not have the protections and validations'' as a submission by an on-boarded User, further explaining that non-Users cannot directly verify the accuracy of the information submitted to DDR without onboarding. In Section 4.2.3.2 of its Rulebook DDR describes the process for submission of parent and affiliate information for non-Users as follows:

A Non-User may provide its Ultimate Parent ID, Affiliate ID and an email contact directly to DDR by emailing such information to *DDR-Onboarding@dtcc.com.* The subject line of the email must state ''Non-User SEC Requirements''. The body of the email must state the Non-User's legal name, email contact information, ''Ultimate Parent ID— [insert LEI]'' and ''Affiliate ID [insert one LEI for each affiliate]''. The Non-User is responsible for ensuring the continued accuracy of this information. DDR will not verify the accuracy of the information provided by the Non-User. DDR may use the email contact information to contact the Non-User as described below. All Non-User information provided pursuant to this

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[47] DDR's revised Guide also states that Users must report a novation, partial termination, exit, or new trade using the ''New'' action type.

[48] DDR's revised Guide also states that Users must report cancelations using the Modify action type.

[49] As stated in its Guide and Section 1.3 of its Rulebook, DDR requires Users to review their daily reports to identify any errors on the trade details or missing information and promptly correct such error or provide such missing information.

[50] 17 CFR 240.907(a)(4).

[51] Interested persons should refer to Exhibits GG2, GG4, and GG6 for further information about flags.

[52] 17 CFR 240.903.

[53] *See* 17 CFR 240.900 (defining UIC as ''a unique identification code assigned to a person, unit of a person, product, or transaction'' and further defining those items for which a UIC is to be assigned).

[54] 17 CFR 240.903(b).

[55] CUSIP numbers are nine character alphanumeric codes that uniquely identify securities. The CUSIP system is owned by the American Bankers Association and managed by Standard & Poor's. *See https://www.cusip.com/ cusip/about-cgs-identifiers.htm.*

[56] ISIN codes are twelve character alphanumeric codes that uniquely identify securities. In the U.S., ISIN codes are extended versions of CUSIP numbers. *See http://www.isin.org/about/.*

[57] Markit RED codes ''are standard identifiers that are used to link the legal relationship between reference entities that trade in the credit default swap market and their associated reference obligations, known as ''pairs''.'' Markit RED codes use a six character alphanumeric code to identify a reference entity and a nine character code to identify the pair. *See http://www.isda.org/c_and_a/ pdf/CreditDerivProcessFAQs.pdf. See also http:// www.markit.com/Product/Reference-Data-CDS.*

paragraph will not be included in the automated DDR System, but will be provided to the SEC upon request.

4. Reporting Missing UIC Information and Missing UIC Reports

Rule 906(a) of Regulation SBSR requires SDRs to identify any SBS reported to it for which the SDR does not have the counterparty ID and (if applicable) the broker ID, branch ID, execution agent ID, trading desk ID, and trader ID of each direct counterparty.[58] Once a day, SDRs are required to send a report to each participant of the SDR or, if applicable, an execution agent, identifying, for each SBS to which that participant is a counterparty, the SBS for which the SDR is missing UIC information.[59] DDR amends Section 4.2.3.3 of its Rulebook to clarify that Users will be sent a position report, which can be used to identify missing UICs, via their DDR account portal or direct computer-to-computer secure file transfer protocol (SFTP) link. DDR also explains that it will attempt to send missing UIC reports to a non-User's email address not only if it is available in the static data maintained by the DTCC trade repositories but also if it has been provided to DDR at its specified email address, *DDR-Onboarding@ dtcc.com.*

5. Policies and Procedures for Conducting Public Dissemination of SBS Data

In its Amended Form SDR, DDR provides a new exhibit, GG7 ("Dissemination FAQs"), which describes how DDR intends to conduct its public dissemination of SBS trade data, including what fields will be publicly disseminated. For more information on the contents of the Dissemination FAQs, interested persons may review the exhibit.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning DDR's Amended Form SDR, including whether DDR has satisfied the requirements for registration as an SDR. Commenters are requested, to the extent possible, to provide empirical data and other factual support for their views. As detailed below, the Commission seeks comment on a number of issues, including whether certain policies and procedures are "reasonably designed," which may involve, among other things, being sufficiently detailed. In addition, the

[58] *See* 17 CFR 240.906(a).
[59] *See id.*

Commission seeks comment on the following:

1. Exchange Act Rule 13n–4(c)(1)(i) requires that each SDR ensure that any dues, fees, or other charges imposed by, and any discounts or rebates offered by, a SDR are fair and reasonable and not unreasonably discriminatory. The rule also requires such dues, fees, other charges, discounts, or rebates to be applied consistently across all similarly situated users of the SDR's services. Please provide your views as to whether DDR's revised approach to proposed dues, fees, or other charges, discounts or rebates and the process for setting dues, fees, or other charges, discounts or rebates are fair and reasonable and not unreasonably discriminatory. In particular, please provide your views on whether the Long Term Commitment arrangement (providing for a 10 percent reduction in the Position Maintenance and Account Management Fee) and charging the Account Management Fee on an "organizational level" is fair and reasonable and not unreasonably discriminatory. Considering that SDR fees constitute a potential cost of trading security-based swaps, please also provide your views as to whether the proposed fees will affect market participants' incentives to engage in security-based swap transactions given that fees incurred by users of DDR could be passed on to non-users. Please also provide your views as to whether the structure and level of the proposed fees will influence current market practice and structure in the security-based swap market, particularly in respect of mode of execution (*i.e.,* platform-based versus over-the-counter) and post-trade processing (*i.e.,* clearance and settlement).

2. Further, does the revised approach provide enough clarity to determine the applicable fees for all types of market participants? For example, does the definition of Clearer, currently defined as a DCO in DDR's Exhibit M, adequately contemplate all potential entities that may in the future fill this role, such as a clearing agency, as that term is defined in Section 3(a)(23) of the Exchange Act? What impact do commenters believe the structure and level of the proposed fees will have on market participants' ability to comply with the reporting requirements of Regulation SBSR? In particular, what impact do commenters believe the proposed fees will have on those participants that are not Security-Based Swap Dealers or Major Security-Based Swap Participants (as defined in Section 3 of the Exchange Act)?

3. Exchange Act Rule 13n–5(b)(2) requires an SDR to establish, maintain, and enforce written policies reasonably designed to calculate positions for all persons with open security-based swaps for which the SDR maintains records. Please provide your views on whether DDR's policies and procedures are reasonably designed to calculate such positions. Do commenters believe that methodology would result in complete and accurate positions? What changes, if any, should be made?

4. Exchange Act Rule 13n–4(c)(1)(iv) requires that each SDR establish, maintain, and enforce written policies and procedures reasonably designed to review any

prohibition or limitation of any person with respect to access to services offered, directly or indirectly, or data maintained by the SDR and to grant such person access to such services or data if such person has been discriminated against unfairly. Please provide your views as to whether DDR's revised policies and procedures are reasonably designed to provide a mechanism for Users to effectively address resolution of disputes, termination and "disciplinary" issues. In particular, please provide your view on DDR's disciplinary policies and procedures as it relates to the following circumstances: (i) To the denial of a User application, (ii) restrictions on the use and assessment of certain costs, and (iii) procedures for disciplinary actions, as set forth in Section 10 of DDR's Rulebook.

5. Exchange Act Sections 13(n)(5)(G) and (H) and Exchange Act Rules 13n–4(b)(9), (b)(10) and (d) conditionally require SDRs to make SBS data available to certain authorities. Please provide your views regarding the proposed approach of DDR's Amended Form SDR to that data access requirement. Among other matters, commenters may wish to address the part of the proposal that would condition access on authorities certifying that they are acting within the scope of their jurisdiction (as well as certifying consistency with an applicable memorandum of understanding). What, if any, changes should be made?

6. Exchange Act Rule 13n–5(b)(3) requires every SDR to establish, maintain, and enforce written policies and procedures reasonably designed to ensure that the transaction data and positions that it maintains are complete and accurate. Please provide your views as to whether DDR's revised policies and procedures are reasonably designed to ensure that the transaction data and positions that it maintains are complete and accurate, as required by Exchange Act Rule 13n–5(b)(3). What, if any, changes should be made?

7. Regulation SBSR imposes duties on various market participants to report SBS transaction information to a registered SDR. Please provide your views as to whether the revised DDR application and the associated policies and procedures provide sufficient information to participants, as defined by Rule 900(u) of Regulation SBSR, about how they would discharge these regulatory duties when reporting to DDR. If applicable, please describe in detail what additional information you believe is necessary to allow a participant to satisfy any reporting obligation that it might incur under Regulation SBSR.

8. Rule 901(c) of Regulation SBSR requires reporting of product ID, if available, in lieu of various data elements for standardized contracts. Please provide your views as to whether the product taxonomy proposed by DDR is sufficiently precise to identify a "product," as defined in Rule 900(aa) of Regulation SBSR, so as to distinguish between standard and custom versions of all types of SBS contracts. Further, do commenters believe that market participants would benefit from the disclosure of product IDs available for use on DDR?

9. Rule 903(b) of Regulation SBSR requires in part that an SDR may permit required data

elements to be reported using codes if the information necessary to interpret such codes is widely available to users on a non-fee basis. Notwithstanding this requirement, DDR has proposed to rely on proprietary classification systems such as CUSIP numbers, ISIN codes, and/or Markit RED codes to identify specific securities, reference entities, or reference obligations, which may subject market participants to fees and usage restrictions in contravention of Rule 903(b). Please provide your views as to whether the approach proposed by DDR would be an appropriate means of reporting that information, or whether use of those proprietary classification systems would unduly increase the cost of compliance with reporting information pursuant to Regulation SBSR or impair access to publicly disseminated data.

10. Rule 901(d)(5) of Regulation SBSR requires reporting sides to report any additional data elements included in the agreement between the counterparties that are necessary to determine the market value of the transaction, to the extent not already provided. Please provide your views as to whether DDR has sufficiently explained how Users can satisfy this requirement and whether DDR's policies and procedures should include specific data categories necessary to determine the market value of a custom basket of securities that underlie an SBS (*e.g.* components and risk weights of the basket). What, if any, changes should be made? Why?

11. Rule 901(e) of Regulation SBSR requires reporting sides to report life cycle events, and any adjustments due to life cycle events that results in a change to previously reported primary or secondary trade information. Please provide your views as to whether DDR has provided sufficient information in its Amended Form SDR to explain how a User would report life cycle events under Rule 901(e) of Regulation SBSR. Please describe any additional information that you feel is necessary. In addition, do commenters believe that DDR has provided sufficient information distinguishing the process of reporting of a life cycle event from the reporting of a correction to erroneous trade information? What changes, if any, should be made?

12. Rule 907(a)(4) of Regulation SBSR requires an SDR to have policies and procedures for identifying and establishing flags to denote characteristics or circumstances associated with the execution or reporting of an SBS that could, in the SDR's reasonable estimation, cause a person without knowledge of these characteristic(s) or circumstance(s), to receive a distorted view of the market, and for applying and directing users to apply such flags, as applicable. Please provide your views as to whether DDR's revised policies and procedures for developing condition flags as required by Rule 907(a)(4) of Regulation SBSR are consistent with the goal of preventing market participants from receiving a distorted view of the market. Are there additional condition flags that you believe DDR should establish? If so, please describe such condition flags and explain why you believe that they are appropriate under Rule 907(a)(4).

13. Please provide your views on whether DDR's proposed methodology regarding the processing of cleared trades is sufficient to prevent market participants from receiving a distorted view of the market in all cases. In particular, please provide your views as to whether DDR's process of only accepting clearing agency acceptance and rejection messages in the event that DDR receives such messages prior to the receipt of the corresponding alpha trade report from the reporting side is likely to present problems with alpha transactions lacking a corresponding disposition message. How, if at all, would this impact the completeness and accuracy of the SBS transaction data and positions?

14. Rule 903(a) of Regulation SBSR provides, in relevant part, that if no system has been recognized by the Commission, or a recognized system has not assigned a UIC to a particular person, unit of a person, or product, the registered SDR shall assign a UIC to that person, unit of person, or product using its own methodology. Please provide your views as to whether the revised approach regarding UICs as described DDR's Amended Form SDR is appropriate in light of the requirements of Rule 903(a) of Regulation SBSR. Why or why not? In particular, please provide your views concerning the approach proposed by DDR for the creation and use of transaction IDs consistent with the CPMI–IOSCO guidance for a global unique transaction identifier. How, if at all, should this methodology be changed?

15. Rule 906(a) of Regulation SBSR requires an SDR to send a daily report to each participant of that SDR (or the participant's execution agent), identifying, for each SBS to which that participant is a counterparty, any SBS for which the SDR lacks required UIC information. Please provide your views as to whether DDR's revised policies and procedures for satisfying the requirements of Rule 906(a) are appropriate. Why or why not? What changes, if any, should be made?

16. Rule 907 of Regulation SBSR generally requires that an SDR have policies and procedures with respect to the reporting and dissemination of data. Please provide your views as to whether DDR has provided sufficient information in its Amended Form SDR (including through the publication of its new Exhibit GG7) to explain the manner in which DDR intends to publicly disseminate SBS transaction information under Rule 902 of Regulation SBSR. If not, what additional information do you think that DDR should provide about how it intends to effect public dissemination of SBS transactions?

17. Please provide your views as to whether DDR's Amended Form SDR includes sufficient information about how an agent could report SBS transaction information to DDR on behalf of a principal (*i.e.,* a person who has a duty under Regulation SBSR to report). Why or why not? If not, please describe any additional information that you believe is necessary.

18. Please provide your views about DDR's policies and procedures for contacting counterparties who are not Users. What changes, if any, should be made?

Comments may be submitted by any of the following methods:

Electronic Comments

• Use the Commission's Internet comment form (*http://www.sec.gov/ rules/proposed.shtml*); or

• Send an email to *rule-comments@ sec.gov.* Please include File Number SBSDR–2016–02 on the subject line.

Paper Comments

• Send paper comments to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549–1090.

All submissions should refer to File Number SBSDR–2016–02.

To help the Commission process and review your comments more efficiently, please use only one method of submission. The Commission will post all comments on the Commission's Internet Web site (*http://www.sec.gov/ rules/other.shtml*).

Copies of the Form SDR, all subsequent amendments, all written statements with respect to the Form SDR that are filed with the Commission, and all written communications relating to the Form SDR between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for Web site viewing and printing in the Commission's Public Reference Section, 100 F Street NE., Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m.

All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SBSDR–2016–02 and should be submitted on or before August 30, 2017.

By the Commission.

Eduardo A. Aleman,

Assistant Secretary.

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SMALL BUSINESS ADMINISTRATION

[Disaster Declaration #15228 and #15229; Michigan Disaster Number MI–00058]

Presidential Declaration of a Major Disaster for the State of Michigan

AGENCY: U.S. Small Business Administration.

ACTION: Notice.