Warsaw, 5 November 2014

To: KDPW_TR Trade Repository Participants
To Whom It May Concern

Re.: Implementation of new KDPW_TR controls and functionalities

Dear Sirs,

This is to inform you that in continuation of the process aimed at improving the level of detail in controls of reported data, KDPW_TR acting in response to proposals made by the European Securities and Markets Authority (ESMA) will gradually implement further modifications to the report validation process.

According to the expectations of ESMA, the next stage of the modifications involves the mode of validation of reports with action type 'new' (AT=N) to check the correctness of pre-LEI codes used to identify the counterparty. As of 1 December 2014, where KDPW_TR accepts a report with counterparty (and other counterparty) identification based on an incorrect or inactive pre-LEI code or a code other than pre-LEI, the message trar.sts.001.01 with status PACK will include additional information under the tag RsnTxt. Furthermore, such messages will not be subject to reconciliation in view of the incorrect (inactive) pre-LEI code of a counterparty or a code other than pre-LEI used to identify a counterparty.
The correctness of the pre-LEI used in the report will be checked on the basis of data sourced by KDPW_TR from all numbering agencies (pre-LOU). At this stage, such information should be considered a warning or a flag of a transaction which is not included in data reconciliation. However, please bear in mind that details of derivatives trades communicated using inactive pre-LEI codes will in the future be rejected by all trade repositories.

Further to letter no. RT/ZW/470/2014 sent to you on 12 September 2014, please accept a correction of the information concerning the rules of validation of the Intragroup field. The field 4.5.5 Intragroup will be mandatory only if the field 4.3.1. VenueOfExc is completed with the value 'XXXX'.

In order to improve the efficiency of reconciliation, as of 1 December 2014, KDPW_TR (as well as other trade repositories) introduces the principle of 7 days limitation. Pursuant to this principle, trades which are not paired will be included in reconciliation for a period of 7 days. After 7 business days, reports which are not paired (status NPAR) will be excluded from daily reconciliation (and from messages trar.rcn.001.01) but will continue to be maintained in the database. On the day when the other counterparty to the report sends its report to KDPW_TR or another trade repository, the excluded report will be retrieved from the TR database and once again included in reconciliation. Both reports will be given the status YPAR and included in comparing, and the message trar.rcn.001.01 will communicate the comparing status (if different from the status of matching reports: MACH).

In view of your testing of the new rules of validation in the test environment TSTB, please be informed that KDPW_TR is at the same time running its internal testing which may temporarily interfere with your access to the environment. We apologise for any inconvenience.

To address your expectations, please be informed that KDPW_TR will soon launch a new functionality: exporting of reported data to *.csv files. The functionality is already available in the environment TSTB. It is currently the fastest means of downloading details of reported trades from KDPW_TR.

Considering the evolution of ESMA's approach to the mode of reporting details in the field Notional amount, please make sure that your reports sent as of 1 December 2014 include the total trade amount in the field rather than the single contract amount, irrespective of the number of contracts in the trade.
For reports sent before 1 December 2014, please do not modify your reporting of data in the field Notional amount. According to ESMA guidelines, the problem will be reviewed by ESMA and ESMA will soon communicate to KDPW_TR the required procedure of handling the existing reports.

This is also to inform you that we are in communication with ESMA on the required mode of reporting trade valuation data to KDPW_TR. We will keep you informed about the relevant guidelines. However, in the light of preliminary discussions with ESMA, data reported as valuation should represent the entire transaction rather than a single contract.

Should you have any further questions, please contact the Trade Repository Department at (22) 537 91 47; (22) 537 95 72.

Yours faithfully,

Sławomir Zając

Director
Trade Repository Department