

March 27, 2024

Mr. Craig McBurnie  
Senior Analyst, Market Infrastructure  
Australian Securities and Investments Commission  
GPO Box 9827  
Melbourne, VIC 3001



Japanese Bankers Association

**Comment on the Proposed changes to the ASIC Derivative Transaction Rules (Reporting):  
Third consultation**

Dear Mr. McBurnie:

We, the Japanese Bankers Association (JBA), would like to express our gratitude for this opportunity to comment on the “Proposed changes to the ASIC Derivative Transaction Rules (Reporting): Third consultation” (“Proposed Rules”) issued by the Australian Securities and Investments Commission (ASIC) on 15 February 2024. When we asked our members to comment on the Proposed Rules, we have received concerns regarding “Removing alternative reporting.” Hence, we submit our comment as described below. We respectfully expect that the following comment will contribute to your further discussion.

[Comment]

We understand that each country/jurisdiction is moving forward with the reform of derivative transaction reporting, by introducing identifiers such as CDE, LEI, and UTI/UPI in order to achieve the data consistency and aggregation globally.

Under the ongoing reforms, reporting data should be consistent across countries/jurisdictions, and the alternative reporting should become applicable more easily than now. Furthermore, we would consider that the ASIC’s operational burden would be reduced by introducing the mandatory notification for the application of alternative reporting to the ASIC and by limiting the number of the licensed repositories.

Meanwhile, if alternative reporting were to be removed, the operational burden on foreign financial institutions would increase because each financial institution would be required to establish the operational workflows and systems for the derivative transaction reporting in the Australian jurisdiction.

We would appreciate it if the ASIC could make a prudent decision considering the burden on foreign financial institutions and the global trends described above and give assent to retain its alternative reporting provisions.

(Supplementary explanation)

We expect the ASIC to take into account the followings burdens those may arise on foreign financial institutions when discussing the “Removing alternative reporting.”

- The burden to establish operational workflows and systems would be heavy even if a foreign financial institution did the derivative transaction reporting hitherto, because the 2024 ASIC Rules have significantly changed the content and format of the reporting.

- Although the introduction of identifiers will be applied in each country/jurisdiction globally, the scope of products and reporting items are still different. Therefore, it is not sufficient for foreign financial institutions to report the same data elements in the Australian jurisdiction as they report in their own jurisdiction to which they are subject. Foreign financial institutions will need to invest significant resources and effort to develop the necessary systems if the alternative reporting is removed.

(End)