NFA Swap Valuation Dispute Notices & Swap Dealer Risk Data Reports Webinar
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Christie Hillsman: Good morning, everyone. Welcome to NFA's webinar on the submission of swap valuation dispute notices and credit and market risk data. My name is Christie Hillsman and I'm a Communications Specialist here at NFA. With me today are Alessandra Riccardi, Director of Capital and Risk; Rina Callisto, Quantitative Risk Manager; and Lisa Guess, Manager of Information Systems, who is available to address any technical questions.

Before we begin our webinar, I want to share a few notes. First, although you are able to hear us today, you will not be able to ask questions over the phone. To ask a question, locate the box labeled "Ask a Question" on the left side of your webinar screen. Please type the question you would like to ask into the box and press the "Send" button. We are able to see questions as they are submitted. You can submit your questions now or at any time during this webinar.

Thank you to those who already submitted questions. We will answer questions, including those we received in advance, at the end of each portion of our presentation. For questions that are firm-specific, including those that were pre-submitted, if we haven't already, we will reach out to you individually.

In addition, a recording of this webinar, along with a written transcript, will be on NFA's website in the coming weeks, so no need to take detailed notes throughout this presentation.

During this webinar, we will first discuss swap valuation dispute notices and then the required credit and market risk data.

And now I will turn it over to Alessandra, who will provide background on NFA's collection of swap valuation dispute notices.

Alessandra Riccardi: Thanks, Christie. As you are aware, in January 2016, the CFTC issued an order authorizing NFA to receive, review, maintain and serve as the official custodian of swap valuation dispute notices that CFTC Regulations require swap dealers to file. NFA began receiving those notices in March 2016.

Given NFA's experience with these notices to date, NFA determined that the notices would be more useful for swap dealers' monitoring, risk profiling and providing periodic reports to the CFTC if they contained standardized information that could be tracked and monitored across swap dealers and the industry.

Over the summer, the CFTC approved NFA's Interpretive Notice to NFA's Compliance Rule 2-49 which, among other things, specifies the types of swap valuation disputes that must be reported and standardizes the information that swap dealers are required to report to NFA.

The Interpretive Notice will be effective for dispute notices required to be filed on or after January 2, 2018. In the meantime, please remember that the CFTC's general requirement to report swap valuation disputes under 23.502(c) is in effect and all swap dealers already should be complying.

And now, Rina will provide information on reportable disputes and required data.

Rina Callisto: Thanks, Alessandra. The Interpretive Notice requires swap dealers to file notices of swap valuation disputes that have not been resolved within the timeframe set forth in CFTC Regulation 23.502(c) for the following: disputes involving the amount of initial margin to be posted or collected pursuant to a Collateralized Eligible Master Netting Agreement if the amount of the dispute exceeds the $20 million reporting threshold; disputes involving the amount of variation margin that is to be exchanged pursuant to a Collateralized Eligible Master Netting Agreement if the amount of the dispute exceeds the $20 million reporting threshold; disputes involving transaction or portfolio valuations if the swap dealer does not exchange collateral with the counterparty and the counterparty notifies the swap dealer that it is disputing any valuation provided by the swap dealer if the dispute exceeds the $20 million reporting threshold.

Beginning January 2, 2018, swap dealers will be required to provide information for each reportable swap valuation dispute by completing an NFA form in WinJammer. The required data includes: the firm's NFA ID and Legal Entity Identifier, or LEI; the Dispute Reportable Date; and the Dispute Type. The Dispute Type field specifies the type of dispute: variation margin, initial margin, transaction or portfolio dispute.

In addition, report the dispute termination date. Swap dealers are required to terminate disputes that are no longer reportable under CFTC Regulation 23.502(c). Any swap dealer that is a party to the originally filed dispute must electronically notify NFA by terminating the notice when the dispute is resolved. Termination notices are due on the 15th -- or the following business day if the 15th is a weekend or holiday -- and the last business day of the month, based on the dispute amount on the reporting date.

Also, report the receiver or payer of the dispute, and the dispute amount in US dollars. These include disputes involving transaction valuations if the swap dealer does not exchange collateral with the counterparty, and the counterparty notifies the swap dealer that it is disputing any valuation provided by the swap dealer, if the dispute exceeds the $20 million reporting threshold.

If filing an amendment, swap dealers are required to notify NFA of certain changes to the dispute amount on the 15th -- or on the following business day if the 15th is a weekend or holiday -- and the last business day of the month, by amending any previously filed notices where the dispute amount has increased in $20 million incremental bands.

Additionally, please include the counterparty name, and, if you cannot use the LEI for legal reasons, please include the Counterparty Privacy Law Identifier, which I will call PLI. If you provide the PLI, please leave the LEI field blank. If reporting an initial margin or variation margin dispute, swap dealers must also submit the CSA or Netting Agreement ID. Some swap dealers may refer to this as an account number.

For transactions where collateral is not exchanged, also report the Unique Swap Identifier, or USI, Base Currency Notional Amount, Base Currency Code, Notional Amount USD Equivalent, Asset Class, and Product Type.

If you prefer to build an XML file to upload swap valuation dispute notices, the XML schema definition and corresponding instructions are now available on the Swap Dealer Filing Requirements web page. You can find relevant information in the NFA October 2, 2017 Notice to Members, which is linked to the Swap Dealer section on the NFA website.

Christie Hillsman: Thanks, Rina. Before we move on, we'd like to take a few questions related to swap valuation dispute notices. First, we've received several questions from participants asking if they will be able to access a copy of the presentation. In the coming week, NFA will post both a recording of this presentation and a transcript on its website, so you can expect that in the coming days.

Our next question is, can you provide an example of when we are required to resubmit these notices? Rina, would you mind answering that question for us?

Rina Callisto: Yes, sure. For instance, let's say that the firm submits a dispute of $20 million, and the same dispute increases to a new reporting band -- in this case, let's say $40 million. Then the dispute has to be amended for the new amount, either on the 15^{th,} or on the following business day if the 15th is a weekend or holiday, or on the last business day of the month, depending on when the amount changed. Reporting bands start at $20 million and change in increments of $20 million, for example $20 million, $40 million, $60 million.

Christie Hillsman: Great. Thanks, Rina. Our next question is, can you please clarify what NFA means by Receiver or Payer? Rina, can you answer that for us as well?

Rina Callisto: Sure. I can clarify that. The Receiver and Payer indicate the counterparty's role in posting or collecting a dispute amount. For example, if a swap dealer reports a dispute in which its valuation shows a counterparty owing an additional $33 million in initial margin, the swap dealer report will include the swap dealer as the Receiver and the counterparty as the Payer. On the contrary, if the swap dealer reports a dispute in which its valuations show an amount of $33 million in initial margin owing to a counterparty, the swap dealer will be reported as a Payer and the counterparty as a Receiver.

Christie Hillsman: Perfect. Thanks, Rina. Our next question is, can you confirm what Dispute Type means? Rina, can you answer that for us as well?

Rina Callisto: Yes, sure. I can certainly provide more details on this. There are four types of dispute a swap dealer is required to file: initial margin; variation margin; and for swap valuation transactions where collateral is not exchanged, transaction and portfolio disputes.

Christie Hillsman: Perfect. Thanks, Rina. Our next question is, how will the assignment of an NFA ID work and where can we obtain this information from? Lisa, can you answer that question for us?

Lisa Guess: Sure. The NFA ID is the NFA Member number that was assigned to your firm when you registered with NFA. This information is available in ORS or by a general BASIC search. You should not have to enter it, because the NFA ID is associated with your login, and you receive your login from your firm's security manager.

Christie Hillsman: Great. Thanks, Lisa. Our next question is, what is the method of submitting the swap valuation dispute information? Lisa, can you answer that for us as well?

Lisa Guess: Swap valuation dispute notices must be submitted electronically using WinJammer.

However, the firm will have the option of prepopulating the form via an XML upload of data.

Christie Hillsman: Perfect. Thanks, Lisa. Our next question is, are the swap valuation disputes submitted only twice a month? Rina, can you address that question for us, please?

Rina Callisto: Yes, sure. No; and let me clarify this point. The CFTC and NFA require a swap valuation dispute in excess of $20 million to be reported any time during the month if not resolved in three business days, if the dispute is with a counterparty that is a swap dealer or major swap participant; or five business days if the dispute is with a counterparty that is not a swap dealer or major swap participant.

Once the dispute is reported, NFA must only be notified if the swap valuation dispute needs to be amended, and amended swap valuation disputes are required to be reported on the 15th and the last business day of the month. For example, if a dispute of $30 million is reported on the 9th of the month and the same dispute goes up to $40 million on the 12th, the dispute will be reported as amended if the amount is still $40 million on the 15th of the month.

Christie Hillsman: Great. Thanks, Rina. Our next question is, does the firm get to choose whether to report at the transaction level or the portfolio level for transactions where collateral is not exchanged? Alessandra, can you answer that question for us?

Alessandra Riccardi: Yes, sure. I can answer this question. So, no, the firm does not get to choose. And let me clarify this a bit further. The Interpretive Notice entitled Swap Valuation Dispute Filing Requirements identifies the types of disputes that swap dealers must report. One of the reportable disputes is any dispute in which a counterparty disputes any valuation the swap dealer provides. If the swap dealer provides a transaction valuation and the counterparty disputes it, the swap dealer must report the dispute if it meets their threshold and the time period requirements. If the swap dealer provides a portfolio evaluation and the counterparty disputes it, the swap dealer must report this. And I hope this clarifies this question.

Christie Hillsman: Great. Thanks, Alessandra. Our next question is, with regards to swap valuation dispute notices, is a shift in valuation reportable or is the requirement on the call difference only? Alessandra, can you take that question as well?

Alessandra Riccardi: Yes, sure. The reportable amount of disputes, both initially and any amendment thereafter, is the total value of the dispute, not the change. To clarify, after the initial dispute is reported, a firm is required to amend that filing if the total dispute amount, either on the 15th, or the following business day if the 15th is a weekend or a holiday, or the last day of the month, falls within a new reporting band.

As we've mentioned before, reporting bands start at $20 million and change in increments of $20 million. For instance, to give you an example, an initial margin dispute of, let's say, $22 million, is initially reported on the 10th of the month and increases to $40 million on the 13th of the month. If the dispute remains at $40 million until the 15th of the month, it must be reported as amended.

Christie Hillsman: Great. Thanks, Alessandra. Our next question is, are the dispute amounts/notional, reported to the cent or are they rounded? Alessandra, can you answer that question for us as well, please?

Alessandra Riccardi: Yes, sure. I can answer this question. The amounts can be rounded.

Christie Hillsman: Perfect. I'm going to pose our next question to you as well, Alessandra. Could you please clarify when NFA requires the filing of a dispute termination?

Alessandra Riccardi: Oh, yes. Sure. I can provide more details. For purposes of this reporting, the firms should consider the dispute terminated once the dispute falls under $20 million. A termination notice should then be filed with NFA on the 15th, or the following business day if the 15th is a weekend or a holiday, or the last business day of the month.

Christie Hillsman: Great. Thanks, Alessandra. Our next question is, in case we are unable to report this information as of the 15th and 30th, is it possible for us to upload the report the following business day? Alessandra, can you answer that question for us?

Alessandra Riccardi: Yes, sure. From a systems standpoint, yes, it is possible, though a swap dealer should communicate any expected delay and the reason for the delay to NFA immediately. And to further clarify, in case of late submissions of an amended dispute, the system will trigger a warning but the submission will still be allowed.

Christie Hillsman: Perfect. Thank you. Our next question is, does variation margin and initial margin also apply to reportable transactions, or is this information only applicable for portfolio level disputes? Alessandra, can you answer that for us as well, please?

Alessandra Riccardi: Yes, sure. Let me clarify this point. As mentioned before, there are four types of dispute that are required to be filed: initial margin; variation margin; and for swap transactions where collateral is not exchanged, transaction and portfolio disputes. Each type of dispute should be reported separately.

Christie Hillsman: Perfect. Thanks, Alessandra. Our next question is, will there be an option to select both initial margin and variation margin if the dispute is driven due to both initial margin and variation margin? Alessandra, can you address that question as well, please?

Alessandra Riccardi: Yes, I can address this question. So, no, there is no such option, as each dispute must be filed separately. And let me clarify this with an example. If the initial margin dispute of $44 million and the variation margin dispute of $50 million are in the same portfolio, these will both be reported as two separate disputes, one for initial margin and one for variation margin.

Christie Hillsman: Great. Thanks, Alessandra. Next we have a system-related question. So, the question is, is there a test version of WinJammer that a firm can access in order to make sure that their report is compatible with it? Lisa, can you answer that question for us?

Lisa Guess: Sure. We do not have a test version of WinJammer, but we will have an XML page where you can validate your XML against our schema when the WinJammer -- when the filings go live.

Christie Hillsman: Perfect. Thanks, Lisa. And it looks like we have one more system-related question. So, are there any special system requirements to be able to use WinJammer? Lisa, do you mind taking that as well?

Lisa Guess: Sure. That's a good question. We have a few special system requirements for

WinJammer, and you must have a currently-supported version of Microsoft Explorer or Firefox, you must have JavaScript enabled in your browser, cookies enabled, and 128-Bit Encryption, and Adobe Acrobat Reader. These requirements are also linked on the WinJammer Online Filing System page within the Electronic Filing Systems section of our website.

Christie Hillsman: Perfect. Thanks, Lisa. Although we've received several more questions from participants at this point, I think we'd like to keep moving with our prepared content to ensure that we get through all of it in the time we've allowed. We'll continue answering questions at the end of our prepared remarks. And now, Alessandra will provide some background on NFA's collection of credit and market risk data.

Alessandra Riccardi: Thank you, Christie. A key component of NFA's regulatory oversight program for swap dealers is the risk monitoring function, which allows NFA to identify firms that may pose a heightened risk and allocate NFA's regulatory oversight resources accordingly. NFA's Board of Directors determined that NFA's risk monitoring function will be more effective if it includes the ability to monitor swap dealer risk exposures on a regular basis, and therefore NFA's Board has approved a list of specific risk metrics that swap dealers will be required to report electronically to NFA on a monthly basis through EasyFile, which I will refer to as the Risk Data Report.

Working with a number of industry participants, NFA identified the list of metrics related to market and credit risk that will provide NFA with important information for swap dealer risk monitoring, without imposing undue burden on swap dealers. Most swap dealers currently use these or similar metrics as part of their own risk management program.

However, based on feedback from industry participants, we do recognize that not all swap dealers operate using the same business model and that a few swap dealers do not find all these metrics relevant for risk management purposes. Therefore, we are providing some flexibility in the reporting requirements by providing non-financial swap dealers with alternative reporting metrics for total stressed Value at Risk and commodity market sensitivities.

The first Risk Data Report as of December 29, 2017 will be due January 31, 2018. This report must include the metrics as of the last business day of the reporting month and must be filed by the last business day of the following month. For example, the Risk Data Report as of January 31, 2018 must be submitted by February 28, 2018.

For those wishing to build XML files to upload the monthly Risk Data Reports, the XML schema definition and corresponding instructions are now available in EasyFile. We issued a Notice to Members on October 2nd that contains details which you can find on the Swap Dealers section of NFA's website. In addition, NFA sent a Notice to Members in May on this topic, which contains defined terms in its appendix.

Before we talk about the required metrics, I want to briefly discuss the reporting level for the credit and market risk data metrics. Unless otherwise stated, the risk data must be reported in US dollars at either the swap dealer registrant level or the business line level, and all calculations should be exclusive of inter-affiliate exposures. In addition, all numbers, with the exception of the sensitivities, must be reported in absolute values. For swap dealers converting this calculation to US dollars, please use the spot exchange rate at the close of business for the reportable day.

Each swap dealer has the option of selecting its reporting level and scope of activity, but once selected the swap dealer must report on metrics at that level on an ongoing basis.

For reporting level, swap dealer registrant refers to the information aggregated at the registrant level, and business line refers to the information being broken out by each applicable business line.

The swap dealer must set the reporting scope to include all activity or only swap activity. When calculating swaps compared to all activity, all activity refers to all activity at the selected aggregation level, including non-swaps activity, whereas swaps activity refers to just the swap activity at the selected aggregation level.

A swap dealer is not permitted to change the reporting level or scope of activity from month to month without prior approval from NFA.

And now Rina will discuss the specific metrics.

Rina Callisto: Thanks, Alessandra. First, swap dealers must submit Value at Risk, or VaR, for: Interest Rates, Credit, FX, Equity, Commodity and Total VaR. VaR is a statistical measure of the potential loss in value of the swap dealer's current portfolio over a one-day time horizon at either a 95% or 99% confidence interval, calculated for internal risk management purposes. VaR should be provided in US dollars as well as FX VaR.

The next metric is the Total Stressed Value at Risk, which is the Value at Risk but with model inputs calibrated to a period of significant financial stress, as commonly understood by the market and appropriate to the swap dealer's current portfolio. Non-financial swap dealers may elect to report an equivalent stress measure in lieu of Total Stressed VaR. The stress measure should reflect the portfolio composition.

Next is Interest Rate Sensitivity, DV01, by tenor bucket. Interest Rate Sensitivity is the change in dollar value of a position which results from a one basis point increase in the interest rate curve for the applicable tenor bucket. The tenor buckets include 2-year, 5-year, 10-year, 30-year, and then total DV01. In case the sensitivity falls within two tenor buckets, firms can either reallocate them on the longer tenor or use linear interpolation.

The next metric is the swap dealer's Credit Spread Sensitivity, CS01, which is the change in dollar value of a position which results from a one basis point increase in credit spreads.

We also ask for FX Market Sensitivity, which is the change in dollar value of a position which results from a 1% appreciation in all currencies against the US dollar.

Next, we offer two options for reporting commodity market sensitivities. We have identified four main buckets of data collection for commodities: Precious Metals, Base Metals, Energy, and Other Commodity Prices or Indices. The fourth bucket is meant to be a catch-all bucket where you would include, for example, commodity indices and baskets.

The first option is the change in mark-to-market of a 1% appreciation in the portfolio for a 1% appreciation in the four commodity asset classes. Netting accounts should be taken into account when assessing mark-to-market exposure.

The second option which a non-financial swap dealer may elect to report is the change in mark-to-market of the portfolio for a 1% appreciation in the three commodity asset classes that are based on a forward curve by tenor bucket, using prompt month or front month futures contract equivalent sensitivities. Precious metals are excluded from this option as they are spot-based.

The swap dealer may provide sensitivity based on other percentages but scaled to NFA's requests. If the firm does not have an exposure to the corresponding risk factor, then the firm is not required to report that information.

The next metric is the total Swaps Current Exposure before Collateral. For this metric, report the net positive mark-to-market value of a portfolio without adjustments for collateral held to mitigate this risk. If the net mark-to-market value is negative or zero, report zero dollars.

You are also required to report the Total Swaps Current Exposure net of Collateral. For this metric, report the net positive mark-to-market value of a portfolio after adjusting for collateral held to mitigate these risks. Once again, if the mark-to-market value is negative or zero, report zero dollars.

In addition, report the total Credit Valuation Adjustment, which I'll call CVA, or Expected Credit Loss. CVA is the difference in mark-to-market between the current portfolio with a counterparty and that same portfolio with a hypothetical riskless counterparty. For swap dealers that do not currently calculate CVA, Expected Credit Loss can be reported as an alternative. When calculating CVA, provide regulatory CVA. The population on CVA should be the same for all questions.

The final metric is a list of 15 Largest Swaps Counterparty Current Exposures identified by Legal Entity Identifier or Privacy Law Identifier, if applicable, for Current Exposure before Collateral and Current Exposures net of Collateral. Swap dealers should report that information by counterparty and exclude inter-affiliate and cleared exposures.

Before we take more questions, I have a few additional comments. First, each swap dealer entity of a counterparty family must file a separate report. In addition, the CFTC determinations on substituted compliance are not applicable. Therefore, all swap dealers are subject to the reporting requirements.

Christie Hillsman: This concludes the prepared portion of our webinar. Throughout this discussion, we've received some excellent questions. We will answer as many questions as we can in the time remaining, and should we not get to your question or if you submit a firm-specific question, an NFA staff member will respond to you via email.

Our first question is, could you please clarify what swap activities mean? Rina, can you answer that question for us, please?

Rina Callisto: Yes, sure. Swap activity means, with respect to a registrant, such registrant's activity related to swaps and any product used to hedge such swaps, including but not limited to futures, options, other swaps, or security-based swaps, debt or equity security, foreign currency, physical commodities, and other derivatives. We will consider all activity to mean the entire banking and trading book.

Christie Hillsman: Great. Thanks, Rina. Our next question is, should I be using regulatory or management VaR? Rina, can you address that for us as well?

Rina Callisto: Yes, sure. You may use either regulatory or management VaR. Firms can submit the VaR they currently use to measure the risk as long as the submission is consistent over time.

Christie Hillsman: Perfect. Thanks, Rina. I'm going to pose our next question to you as well. And that question is, can you give an example of a stress scenario that you would accept?

Rina Callisto: Yes, sure. I can provide an example. The stress scenario applied to the portfolio should reflect the portfolio composition. For example, for an FX portfolio, we expect to see losses as a result of stress scenarios based on currency changes.

Christie Hillsman: Great. Thanks, Rina. Our next question is, which type of collateral is considered net exposure? Rina, would you mind answering that for us?

Rina Callisto: Yes, sure. That's a good question. Let me clarify that. The CFTC defines eligible collateral as the types included in the CFTC Regulation 23.156 subsection (a)(1), such as cash, US dollars, or a major currency, specific types of dispute -- specific types of securities, and gold. Those may be further narrowed by your CSA, but any collateral must meet the CFTC definition of eligible collateral.

Christie Hillsman: Perfect. Thanks, Rina. Our next question is, if we prepare the same data for another regulator on a different date, can we submit on that alternative date? Rina, could you answer that for us, please?

Rina Callisto: No. You must submit to NFA the required information, as NFA prescribes, on NFA's reporting date.

Christie Hillsman: Thanks, Rina. Our next question is, you explained the bucketing allocation, but can you provide an example? Rina, can you offer an example of that?

Rina Callisto: Yes, sure. I can provide an example. The tenor buckets include 2-year, 5-year, 10-year, 30-year, and then total DV01. In case the sensitivity falls within two tenor buckets, firms can either reallocate them on the longer tenor or use linear interpolation. For instance, if an interest rate sensitivity falls on the 15-year, firms can either reallocate the sensitivity on the 10-year and 30-year through linear interpolation, or reallocate it on the longer tenor, in this case 30-year.

Christie Hillsman: Great. Thanks, Rina. Our next question is a good one, and that is, what is a non-financial swap dealer? Rina, can you answer that for us as well, please?

Rina Callisto: Yes, sure. A non-financial swap dealer is a swap dealer that meets the following two criteria. First, its consolidated gross financial revenues in either of the two most recent completed fiscal years represents less than 15% of the swap dealer consolidated gross revenue in that fiscal year -- 15% revenue test. And second, the consolidated total financial assets of the swap dealer at the end of its two most recently completed fiscal years represent less than 15% of its consolidated total assets as at the end of the fiscal year -- 15% asset test. For more details, you may refer to the appendix of the Notice to Members I-17-10.

Christie Hillsman: Perfect. Thanks, Rina. Our next question is, would NFA please advise what the difference is between business line and swap dealer registrant level? Alessandra, can you answer that question for us?

Alessandra Riccardi: Yes, sure. NFA's intention was to allow our Member firms some flexibility in their reporting based on how they actually manage their risk. Therefore, NFA is giving firms the option of reporting at the registrant or business line level. For example, many swap dealers are registered as a subsidiary legal entity in which a larger organization consolidated its swap activities. For those swap dealers, swap activities are a primary business that is managed and would be best reported at the registrant level.

Other swap dealers are registered at the holding company or bank level, where swap activities make up a small part of the registrant's overall business and are distributed among specific businesses within the firm, such as corporate and investment banking. For those swap dealers, reporting at the business line level would allow them to consolidate and more accurately report their risk from swap activities. The selection by the firm must, however, be consistent between both the market and credit risk metrics and over time.

Christie Hillsman: Great. Thank you, Alessandra. I'm going to address our next question to you as well, if you don't mind. And that is, could you please provide clarification on FOIA treatment and security of information for information provided by firms? In other words, for example, largest counterparties. Alessandra, can you take that for us, please?

Alessandra Riccardi: Yes, of course. The Freedom of Information Act, or FOIA, does not apply to NFA since we are not an agency, and that term is defined under the Freedom of Information Act. Since the collection of risk data is an NFA requirement, the risk information provided is not subject to a FOIA request and will be kept according to NFA's confidentiality policy. (Editor's Note: NFA collects other information on behalf of or as an agent of the CFTC, which is subject to FOIA. Requests for confidential treatment of such information are governed by CFTC Regulation 145.9.)

Christie Hillsman: Great. Thanks, Alessandra. Our next question is, for the requirement to provide the current exposure of the 15 largest swap counterparties, can you advise at what level NFA wants the swap dealer to define counterparty? Alessandra, could you answer that for us as well?

Alessandra Riccardi: Yes. Yes, of course. A swap dealer may provide its current exposure to a single counterparty or a group of counterparties under common ownership or control. If the swap dealer reports at the group level, NFA would expect to see those combined at the level of the parent entity. And I hope this helps clarifying this question.

Christie Hillsman: Great. Thanks, Alessandra. Our next question is, one of the requirements is to provide DV01. What if a firm calculates PV01, and perhaps not in US dollars? Alessandra, can you answer that for us as well, please?

Alessandra Riccardi: Yes, sure. Let me clarify. To start with, I want to specify that all figures must be submitted in US dollars. Then, it is possible to submit PV01, but this has to be converted to US dollars. And additionally, to clarify, you must use the spot exchange rate at the close of business for the reportable day to convert these figures.

Christie Hillsman: Great. Thanks, Alessandra. Our next question is, does swaps activity include swaps with both US-person and non-US-person counterparties? Alessandra, can you answer that for us, please?

Alessandra Riccardi: Yes, of course. Yes, that's correct. Both are included.

Christie Hillsman: Great. Thanks, Alessandra. If you don't mind, I'm going to pose our next question to you as well. And that is, what is the timeline for each future month's Risk Data Report to be submitted after December's data is submitted?

Alessandra Riccardi: Oh, yes. Thank you for this question. So, the monthly reports are -- have to be submitted monthly, and they are expected to be submitted by the last business day of the following reporting month.

Christie Hillsman: Great. Thanks, Alessandra. And I have another question for you as well. That question is, are affiliate swaps included in the risk data?

Alessandra Riccardi: No. No. We are asking firms to exclude their affiliates' activity.

Christie Hillsman: Perfect. Thanks, Alessandra. And at this point I'd like to pose one more question to you. And that is, for interest rate sensitivity, DV01, by tenor bucket, the max is 30 years. What if the firm has something over 30 years? Can they add a -- perhaps a new line item for over 30 years, or should that be included in 30 years?

Alessandra Riccardi: Thank you for this question. No, it's not possible to add extra lines. Any exposure that goes above and beyond 30 years has to be included within the 30-year bucket.

Christie Hillsman: Great. Thank you, Alessandra. Rina, I have a question for you next, and that is, is the required Risk Data Report mandatory?

Rina Callisto: Yes, this is mandatory. The required risk data are mandatory.

Christie Hillsman: Great. Thanks, Rina. Next, I have some system-related questions which I'm going to ask Lisa to answer. And the first of those is, if I submit my filing and made a mistake, can I amend it?

Lisa Guess: Yes. You can -- to amend information in non-control questions such as total VaR or total DV01, you can amend it in the system by retyping the number if the filing has not been submitted, or by reentering the filing and clicking on the Amend Filing link. Also, once you amend the filing, please remember to click Submit. To amend answers to control questions such as reporting level or reporting scope, please contact NFA. For more details on how to submit a filing or amend a filing, please refer to the user guide on the Swap Dealer Filing Requirements page of our website.

Christie Hillsman: Great. Thanks, Lisa. Our next system-related question is, what are the allowed submission routes? Lisa, can you answer that for us as well, please?

Lisa Guess: Sure. The allowed submission routes are WinJammer for the dispute submissions and EasyFile for the risk data submissions.

Christie Hillsman: Perfect. Thank you. Our next question is, if EasyFile risk data filing is the mandatory submission route, how will information security be guaranteed? Lisa, can you take that question as well?

Lisa Guess: Good question. NFA follows the National Institute of Standards and Technology to secure its website and systems. Additional information can be found on our website under the disclaimer and privacy policy link.

Christie Hillsman: Perfect. Thanks, Lisa. Our next question is, will filers be able to make a test submission of dummy XML files to NFA? Lisa, can you take that one for us as well?

Lisa Guess: Sure. No, users will not be able to make a test submission. However, XML files can be validated against the XSD file to ensure compliance.

Christie Hillsman: Great. Thanks, Lisa. And at this point I think we'd like to address just one more system question, and that is, where can we find a sample of the expected report format? Is this in XML format, Excel, or something else? Lisa, can you answer that for us, please?

Lisa Guess: A sample XML file, we can provide to you on our website under the -- it is on the Swap Dealer Filing Requirements page. So, if you navigate to swap dealer through the Member category, at the bottom there's a box that indicates swap dealer filing requirements, and from there you can see all of the filing requirements broken out. You'll be able to click on the XML information as well as the instructions from that page.

Christie Hillsman: Perfect. Thank you. And it looks like we actually just got another system-related question. And that question is, does that report have to be submitted via an NFA-specific format, or can swap dealers create their own report formats? And Rina, I'm actually going to ask you to answer that question for us, if you don't mind.

Rina Callisto: Yes, sure. I can answer this question. There is an NFA-specific format, so swap dealers cannot create their own report formats.

Christie Hillsman: Great. Thank you, Rina. I'd like to thank everyone for participating in this webinar today. We hope that you find the information we provided to be helpful. We have received a number of firm-specific and other questions, and if you did submit one of those questions you can expect to hear back from an NFA staff member in the next day or so.

To close, I would like to remind you that you will be able to access a recording and a transcript of today's webinar on NFA's website within the next week. You may also contact us at any time using the information that I just put up on your screen. Thank you for participating in today's webinar.