

**Amundi's response to the Consultative report on
Harmonisation of the Unique Product Identifier
Issued by CPMI and IOSCO**

(February 24, 2016)

Amundi is the leading asset manager in Europe and ranks in the top 10 of the industry worldwide, with assets under management above € 985 billion at the end of 2015. Located at the heart of the main investment regions in more than 30 countries, Amundi offers a comprehensive range of products covering all asset classes and major currencies. Amundi has developed savings solutions to meet the needs of more than 100 million retail clients worldwide and designs innovative, high-performing products which are tailored specifically to the requirements and risk profile of institutional and corporate clients. Amundi is a listed company with Credit Agricole Group as its majority shareholder.

Amundi is active on many different market places and financial instruments. We use data from external and internal sources and continuously invest on IT developments in order to better serve client investors as a leader in the industry. Hence, we are keen to refer to international standards and be able to communicate without any ambiguity from system to system. We are thankful to CPMI and IOSCO to carry on with the identification and definition of standards and for the opportunity they offer through the present consultation to bring elements that may help clarify where we feel the focus should be placed. Amundi will not answer all questions of the consultation document but (i) present its general view as a buy-side participant and as a daily user of data on financial instruments and (ii) more specifically address the questions where we have experience.

Amundi would first like to express the following points:

- Amundi is very appreciative of the immense benefit that results from the introduction of the LEI as a unique identifier for entities; we are particularly appreciative of the governance that has been introduced to produce LEI and suggest that the ROC and LOU system that guarantees a golden source for information on a non for profit basis be mandated to convey other types of information that characterise entities, like the status under EMIR or DFA or FATCA...
- Amundi considers that the work on UPI and UTI has to be conducted as quickly as possible to be efficient and helpful; in that respect we are disappointed that the present consultation is a first step that limits its ambition to principles and that does not address governance and administration issues.
- We are concerned that the authorities may have too high expectations on the usage they will make of UPI; we fear that too fine a granularity to better serve specific supervision purposes may lead to excessive precision and burden for other stakeholders; we think that the aim of the UPI is first to serve market participants in their daily activities and should be built in a

manner consistent with the reality of traders and investors' needs. Supervision needs would be better helped with a clear aggregation of data of all the different TRs: this work should be prioritised.

- Amundi is very sensitive to practicalities and in that respect we insist on the following points. First, UPI should not generate costs, it should be public good with open access and no charge for users. Second, the existence and use of UPI should not lead to delay in the administration of our transactions; thus the creation of a new UPI should be a smooth and rapid process. Third, the transition from pre to post UPI reporting should be defined with a view to avoid back loading and unnecessary administrative burden.

Otherwise, Amundi is globally in agreement with the proposed principles, despite the fact that they sometimes overlap, the general approach and the examples presented in the paper and its annexes.

Question 1: Are the above three OTC derivative instrument types sufficient to describe (in combination) all OTC derivatives? Which OTC derivatives would fall outside this approach?

Yes.

Question 2: Is it valid to assume that a combination of data elements of the instrument and data elements of the underlier is sufficient to define a product? If not, please explain.

Yes.

Question 3: Is it valid to assume that the combination/set of data elements in the UPI classification system may differ across asset classes? If not, please explain and state how a uniform set of data elements could be comprehensively applied across asset classes.

We believe that a global and comprehensive set of data that would apply to all derivatives would be very difficult to establish and prefer for technical and practical reasons (numerous elements not applying to one asset class) to follow an approach by asset class.

Question 4: Do you agree with this approach to the UPI's treatment of package trades? If not, please explain and suggest alternatives.

Package trades evidence the need for a consolidation of data from different TRs. We agree that package is not an attribute of the product but should be captured as the level of the transaction. We favour the idea to add a flag that enables to link different legs and deals of a package trade.

Question 5: Are the principles and high-level specifications listed and described above comprehensive in representing the characteristics of a classification system? If not, are there other principles and high-level specifications that should be considered? Please list and explain.

First, Amundi considers that the 5 requirements for product identification listed in the Aggregation Feasibility Study are overarching principles and we believe that the open-source and governance process requirements are of paramount importance.

Second, when we consider the 14 principles, we feel that they are overlapping (uniqueness implies consistency, clarity in space and persistence and adaptability in time dimension that includes as well long term viability) and could be presented along a limited number of headlines. We suggest to gather principles that relate to: intrinsic qualities of the UPI (or definition), scope and level of granularity, technical objectives (complementary qualities).

We think that the fact to serve regulators' needs (comprehensiveness, precision) or users' needs (compatibility, ease of generation) should not be put at the level of a principle but defined as an objective for the UPI.

Question 6: Are the principles and high-level specifications listed and described above accurate and precise in their definitions? If not, are there changes you would suggest? Please list and explain.

The key principle is that one UPI and one only should be attributed to each product uniquely, unambiguously, persistently, clearly, consistently. These 5 principles are one and the same and we do not see any advantage in creating sub sections to include the point that regulators' needs should be met at that level. Let us suggest that simplicity should be the overarching principle of the regulation.

Question 7: Could some of these principles and high-level specifications pose implementation challenges? Which ones and why?

Yes. When listing principles we know that implementation difficulties will appear later at the time we get into reality and practicalities. In fact, difficulties may surge from what appears at first as a plain requirement. However, such principles as compatibility, comprehensiveness and precision that do not refer to a limited framework but to general needs and current practices that are not defined let us fear that there will be difficulties at the end.

Question 8: Providers of product classification systems are encouraged to provide a detailed response to Section 3 to set out how their prospective UPI solutions meet, or could be revised to meet, each of these principles and high-level business specifications. If the UPI solution does not meet a particular principle or high-level business specification, please describe planned or potential amendments that could satisfy it.

No comment.

Question 9: As discussed in Section 3.5, should a classification system allow one or more of its data elements to take the value "Other" in order to incorporate new and/or highly bespoke products that do not yet have a more precise definition within the classification system? Why or why not? If not, how would the bespoke/non-standard products be treated within the classification system? What should be the criteria and processes for moving one or more data elements from "Other" to a more specific bucket? Should the volume of transactions that can be reported using these "Other" values be capped in order to maintain the precision of the classification system? If so, what would an appropriate cap be?

We support the idea that a clean-up category such as "Other" appear in the classification. It is the easiest way to ensure completeness of the classification. This category should be considered as a transitory position for those products that will become more common and standardized. The logic is to transfer those products to a new category when we see that there is a real activity developing. It is a question of governance to determine the best way to assess how long or up to which quantity a product could be classified as "other". The regulation should not decide on that governance issue.

Question 10: The results from the study presented in Annex 4 suggest that data elements that describe the instrument together with data elements that describe and identify the underlier may provide an optimal level of granularity for product classification. For informational purposes beyond the use of a derivatives product classification system for the global aggregation of data reported to trade repositories, are you aware of product classifications for other purposes where this level of granularity is applicable? For example, what level of granularity is used for aggregating transactions to calculate a position, or to determine various

risk exposures to a particular product? What level of granularity is used to aggregate transactions for the purposes of compression or netting operations?

No comment.

Question 11: Do the options presented above appear operationally feasible? If not, please explain why.

No comment.

Question 12: What are the pros and cons that you see in each considered level of granularity (one with an identifier for the underlier, one without an identifier for the underlier)?

No comment.

Question 13: A classification system that includes identifiers for underliers in all asset classes would require identifiers that are open-source and freely available to all users with open redistribution rights. Looking at the example of classification systems provided in this section and in Annex 5, do such identifiers exist for all asset classes? If not, please specify where you foresee implementation challenges in this regard and any suggested solutions.

Amundi is concerned that ISIN for US securities are regularly challenged as open source. These ISIN codes are by-products of a CUSIP code which is proprietary data. European investors as ourselves have experienced demands for payment of a fee on that basis and want the issue to be totally cleared.

Question 14: For the identifiers in each asset class, are there corresponding reference data that are open-source and freely available to all users with open redistribution rights?

No comment.

Question 15: For a classification system that does not include an identifier for underliers in all asset classes, what classification systems are available that are open-source and freely available to all users with open redistribution rights? What are the data elements included in these systems?

No comment.

Question 16: Based on the examples provided in this section and in Annex 5, do you have comments on how the allowable values would be technically managed or/and how they are technically managed in the case of existing classification system solutions?

No comment.

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