

Comment of Deutsches Aktieninstitut on the UTI consultation paper

Dear Sir or Madam,

Deutsches Aktieninstitut (www.dai.de) welcomes the opportunity to comment on the consultation paper regarding “Harmonisation of the Unique Transaction Identifier”.

We present the view of German non-financial companies using derivatives almost exclusively for hedging purposes. According to the European Market Infrastructure Regulation (EMIR) these companies are obliged to comply with reporting requirements. As many companies have to report intra-group transactions anyway, they report also their external transactions for their own and do not use the delegation option.

The implementation of the respective reporting processes proved to be very difficult and costly. However, from a supervisory perspective the benefit of the data is so far negligible due to low matching quotas especially for reports concerning the same transaction but delivered to different trade repositories.

As a start, this problem should be solved on the level of any jurisdiction. After sound solutions for this problem are provided the regulator should enter into a discussion how the harmonisation and aggregation of data could be improved globally. Currently, the steps envisaged by BIS and IOSCO will surely increase the already existing complexity without contributing to an improvement of data quality. Therefore, we would favour leaner and adequate reporting requirements on the level of the respective jurisdictions as a first step which could be followed by further steps like the harmonisation of global repository data.

Our comment refers to the following question of the consultation paper only:

Question 36: Which of these possible UTI components, if any, are important and why? Is it necessary for the UTI to have any of these components?

In order to construct a globally unique UTI it is necessary to provide the option to incorporate the LEI of the generating entity. Currently, this is the case for non-financial companies generating an UTI e.g. for the reporting of intra-group transactions. They use the LEI of one counterparty as part of the UTI which is also provided e.g. by the ISDA UTI scheme.

Nevertheless, to avoid costly adjustments of the reporting infrastructure the length of the UTI should be restricted. The proposal in the consultation paper that the UTI should reflect the LEI of both counterparties contradicts this precondition. To include e.g. the LEIs of both counterparties would not be manageable under the existing processes and not needed to comply with the general UTI requirements (neutrality, uniqueness etc.).

We would very much appreciate if you could take our remarks into consideration and remain at your disposal for any questions.

Sincerely
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yours,

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