

30 September, 2016

CPMI Secretariat

Via e-mail: cpmi@bis.org

IOSCO Secretariat

Via e-mail: UPI@iosco.org



Re: Harmonisation of the Unique Product Identifier – Second Consultative Report

The Institute of International Finance (IIF), through its Data Working Group, applauds the work of the Committee on Payments and Market Infrastructures (CPMI) and the International Organization of Securities Commissions (IOSCO) in advancing the discussion on the Unique Product Identifier (UPI) via the captioned consultative report.

The IIF has supported greater data standardization on a global basis in the international financial services industry. Data standardization is an essential goal, but it is equally essential to address standardization in the way that will most appropriately deliver what the industry and regulators need, now and for the future, despite rapid change in markets and data-delivery systems. Furthermore, in addition to the goal of data standardization in the domains directly addressed by the consultative report, data standardization would more broadly help achieve many important goals that include more efficient Anti-Money Laundering and Counter Terrorist Finance efforts to protect the financial system, the Financial Stability Board (FSB)'s Data Hub initiative, risk-data aggregation within firms, regulatory reporting, and (ultimately) disclosure by financial institutions. As well as supporting data-standardization initiatives such as the Legal Entity Identifier (LEI), Unique Transaction Identifier (UTI) and UPI, the IIF is concerned with finding ways that data can be used most effectively for business and regulatory purposes, with as little unnecessary burden on the global markets as possible. This includes standardization where appropriate and feasible; addressing legal and regulatory barriers to the safe and effective use of data; and finding ways to take advantage of rapidly evolving technological means of collecting, storing, and using data to benefit global markets and end-users.

The current work on the UPI, focused on derivatives data elements, is an important part of the development of global standards that are essential to improving data quality and increasing the efficiency and value of reporting and other global regulatory requirements. This is especially crucial in derivatives markets, but the overall goal of global, consistent data standards is essential to maximizing the added value of global markets while containing potential risks. We appreciate the fact that the CPMI and IOSCO have collaborated with the industry through a series of workshops and conference calls and incorporated the industry's perceptions and practices into their consideration.

The IIF has been following with interest and supporting the work done by the International Swaps and Derivatives Association (ISDA) on the UPI and commends ISDA's letter of even date herewith to the attention of the CPMI and IOSCO. ISDA has been taking the lead for the industry on the issues of UPI development through its Symbolology Governance Committee, which represents buy side, sell side, vendors and infrastructure, and the IIF strongly supports ISDA in these efforts. As ISDA notes in its letter, it is highly important to develop "one solution" for derivatives product identifiers. Development and maintenance of multiple product identifiers negatively impact the data quality by narrowing its applicability and comprehensiveness and also increase costs and complexity for the industry to manage the data.

The IIF also supports the establishment of the governance working group by FSB to take forward the governance arrangements for the UTI and UPI. As ISDA pointed out in its letter, governance considerations for these identifiers should be discussed in collaboration with the technical and intellectual property questions, not finalizing either of them as separate issues. We suggest CPMI and IOSCO coordinate with the FSB to avoid dealing with them in isolation.

As already noted, the IIF has supported the Legal Entity Identifier (LEI) work of the FSB, the LEI Regulatory Oversight Committee and the Global LEI Foundation. While the use of the LEI could be facilitated to serve as the primary identifier to be used for underliers, where appropriate, as discussed in the consultative document, we recommend that any mandate on usage of identifiers of underliers allow for the usage of alternatives as explained in ISDA's letter, given that even the expanded coverage of the LEI would not be appropriate in all cases.

As we have reiterated since the first consultation on the UPI, consistent implementation of appropriate and workable standards across local markets, systems, and regulators will be essential. Consistent implementation of global standards is a common theme throughout the IIF's work in providing industry input to the FSB, the Basel Committee on Banking Supervision (BCBS), IOSCO, CPMI and other international regulatory bodies. The IIF therefore recommends that the CPMI and IOSCO take into account ISDA's comments as to results of its substantial work through the Symbology Governance Committee, which aims to define a coherent derivatives product identifier framework. That process will continue to devote careful and concerted attention to implementation issues over time, to assure that the potential of global standards can best be achieved.

The IIF would be pleased to keep involved in such a dialogue and to support industry efforts toward global data initiatives.

Should you have any questions about this letter or to pursue possible consultation, please contact the undersigned, David Schraa (dschraa@iif.com) or Hirokazu Masuoka (hmasuoka@iif.com).

Very truly yours,

A handwritten signature in black ink, appearing to read "David Schraa", with a long horizontal flourish extending to the right.

David Schraa