

24 February, 2016

CPMI Secretariat

Via e-mail: [cpmi@bis.org](mailto:cpmi@bis.org)

IOSCO Secretariat

Via e-mail: [UPI@iosco.org](mailto:UPI@iosco.org)



**Re: Harmonisation of the Unique Product Identifier – 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 Institute has supported the Legal Entity Identifier (LEI) project of the Financial Stability Board (FSB) and generally supports greater data standardization on a global basis in the international financial services industry. Further attention to data standardization is highly important in the domains addressed by the consultative report, but also more broadly, and would help achieve many important goals shared by the industry and the official sector. These goals, in addition to those directly addressed by the consultative document, include more efficient Anti-Money Laundering and Counter Terrorist Finance efforts to protect the financial system, the 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 LEI 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 IIF has been following with interest 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. 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 important 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. As ISDA suggests, these benefits should be designed to be as broadly available as possible, without artificial limitation of scope to OTC derivatives only, as a result of the drafting of the proposed standards.

ISDA is taking the lead for the industry on the specific technical issues of UPI development and the IIF strongly supports ISDA in these efforts. ISDA's letter, cited above, reflects lengthy, in-depth discussions among the practitioners and industry experts who are most involved in the many product and market issues that arise. It identifies a number of important points for clarification and provides constructive responses to the questions posed in the consultative document.

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.

As ISDA notes, consistent implementation across local markets, systems, and regulators will be as essential as definitions of appropriate and workable standards. 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 shares the perception that the CPMI and IOSCO will need to devote careful and concerted attention to implementation issues over time, to assure that the potential of global standards can best be achieved.

The UPI is a "high-stakes" issue, given the complexity and cost involved in getting to an optimal result. Consequently, the IIF urges the CPMI and IOSCO to be as broadly consultative as possible, to take into account ISDA's comments and the points for clarification that it identifies, and to plan for wide and ongoing consultation with financial institutions, buy-side firms, and market infrastructure organizations to bring it to fruition. The IIF would be pleased to participate 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](mailto:dschraa@iif.com)), Bart van Liebergen ([bvanliebergen@iif.com](mailto:bvanliebergen@iif.com)) or Hirokazu Masuoka ([hmasuoka@iif.com](mailto:hmasuoka@iif.com)).

Very truly yours,

A handwritten signature in black ink, appearing to read "David Schraa", followed by a long horizontal flourish.

David Schraa