



Japan Securities Dealers Association

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CPMI Secretariat

Bank for International Settlements

Centralbahnplatz 2

4002 Basel, Switzerland

IOSCO Secretariat

C/ Oquendo 12, 28006 Madrid, Spain

RE: Comments on the consultative report "Harmonisation of the Unique Transaction Identifier (UTI)"

Dear Sir/Madam:

The Japan Securities Dealers Association appreciates the opportunity to provide the following comments to the Committee on Payments and Market Infrastructures (CPMI) and the International Organization of Securities Commissions (IOSCO).

The consultative report proposes the harmonization of UTI rules for cross-border transactions. Under current conditions, both parties to the transaction have existing reporting requirements to the relevant authorities. Therefore, the administrative burden as well as complexity for reporting cross-border trading by generating, exchanging, and using UTIs can be expected to be much greater than that for reporting in a single jurisdiction because of time difference and gap in reporting requirement.

On the other hand, even in the current situation where we are not using a unique transaction identifier as the matching information, the post-contract processing (confirmation, portfolio reconciliation, settlement, compression, etc.) is carried out efficiently through already available technology such as middleware and TriOptima for trade contract and reconciliation. Therefore, market participants are currently not able to easily see the benefits of introduction of the UTIs.

In light of the above, in the introduction of the UTIs, sufficient consideration should be given to ensuring that the standardization of rules is done in such a way as to ensure that the administrative burden does not greatly exceed the benefits of its utilization. It also will be likely necessary to ensure an appropriate preparatory period for its introduction.

As a harmonization proposal which would not greatly increase the administrative burden, an automation of UTI generation which enables both sides of the transaction to create UTIs without exchanging them as proposed in the report (option (iii) on page 14 of the consultative report) should be considered to overcome the time difference and the gap in reporting requirement in the case of cross-border transactions under the premise of not resulting in excessive costs for the creators of UTIs.

We hope these comments will be of help to the CPMI and IOSCO's further deliberation on this issue.

Best regards

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