

Consultative Report 'Harmonisation of the Unique Transaction Identifier'

Dear Sirs

I should like to take the opportunity to transmit a comment on the Consultative Report 'Harmonisation of the Unique Transaction Identifier'.

As my remark is of a general nature, it does not fit into the structure of questions provided.

A huge danger is that the UTI will be over engineered. After all, its purpose is to ensure that all reported trades are counted once and exactly once after they have been reported either by one side of the trade or by both sides. Over engineering can relate to both the structure of the field and to the process by which it is derived. From a process point-of-view, it should be ensured that deriving a UTI does not lead to delays in reporting. We should prepare for realtime reporting – although the need for realtime reporting is not visible as yet, the world has been moving to doing things realtime as they happen.

In this respect I do miss a clear objective to keep things simple on one hand and future-proof on the other.

Trade reports must already contain identifiable information on the counterparties to a trade. Otherwise the usefulness of the reports would be hugely questionable. Would it then not be simpler to base the UTI on information already available?

Each counterparty to a trade could be required to allocate its own reference to the trade. It will do so already at this time. The only additional (and anyway sensible) requirement would be to keep this reference unique. Each reporting entity could be requested additionally to include in its report the unique reference used by its counterparty to the trade. This will already be provided to it today in the course of confirmation matching. The combination of both unique references provides the basis for a UTI and allows to exclude trades from double counting. Going along such a route is simple on one hand and future-proof on the other. If more realtime reporting is required, the process could be simply amended to allow for enrichment of reports over time. The first report to a trade (done instantly after concluding the trade and before receiving the unique reference number allocated by the counterparty to the trade) could be done without the counterparty's unique reference number and without any delay from a complicated other way of receiving or deriving a common UTI. At a later point-in-time, the trade reported could be amended with the reference number received from the counterparty.

I strongly believe that the thinking of coming to a UTI should be broadened at this early stage to ensure simplicity on one hand and ensure future-proofing on the other. We should not already at the beginning create the legacy for the future! We have already done so too often.....

Yours sincerely

Fritz Thomas Klein

Kilchbergstrasse 77

8038 Zurich

Switzerland