

The purpose of this report is to seek general and specific comments and suggestions from responders in order to ensure that the UTI guidance meets the authorities' characteristics for the UTI, thus enabling the consistent global aggregation of OTC derivatives transaction data. The general points are:

- (i) Which OTC derivatives transactions should be assigned a UTI?

Forwards, swaps all derivatives that are not centrally cleared where exists the exposure to counterparty risk and the potential occurrence of wrong-way risk under stressed conditions. Which entity (or entities) should be responsible for generating UTIs in practice?

The TRs or the CCP should be responsible for generating the UTIs. Or IOSCO can designate an independent institution, like the "International Securities Identification Numbers Organization".

- (ii) What should be the structure and format of a UTI?

A letter and numbers combination, just like the ISIN Code, which would be generated for that transaction only, containing a code for the country or TR, the rest of the sequence will have information regarding previous or later transactions. Also, it must consider including a currency ID.

- (iii) What steps would help to ensure that UTIs generated under the new guidance are distinct (to the extent necessary to achieve aggregation) from those UTIs generated under existing regimes?

We believe that it is extremely important to clarify and solve issues arising from different reporting standards across jurisdictions (single-sided vs. double-sided) which could additionally increase the complexity of such system. Forcing UTI implementation without identifying clearly what is the best practice poses additional risks in our view. Secondly, we believe that the UTI is only one half of the story. Since we are dealing with systemic risk, we find it necessary at some point assigning a unique ID to the counterparties as well. In a global world where borders in economic matters such as trade are largely disappearing, nevertheless, financial and securities regulators are still largely constrained from sharing the information proactively which traduces to the fact, in the world of global enterprise, we are a little bit late (behind the curve). Hence, the real benefit of risk based supervision, which is to act proactively before troubles come, is being dragged down by the impossibility of creating the big picture.

- **Question 1: Are there jurisdictional differences about what is a reportable transaction that respondents believe will cause challenges for UTI generation? Please describe the differences and challenges.**

Yes. For example, in our legislation we are currently working in a rule to regulate and document the OTC Market Transactions. In this rule, we request that all transactions must be reported, by both parties involved, before they are cleared and settled. But, what happens when other legislations, request that parties report details in a different moment of the transaction? For example, after it has been executed or when they agreed on conditions

before clearance, this can be difficult to control. (The right moment to assign the UTI, depends on the moment when each legislation considers an OTC Transaction to be valid).

- **Question 2: Are there further harmonisations (that could potentially be applied) to the rules that define which transactions are reportable that would reduce or eliminate the challenges around generating UTIs? In answering this question, please also describe the challenge(s) and identify the jurisdiction(s).**

In our opinion, the moment to assign the UTI it's an issue, because it is strictly related to the definition of a valid "OTC Transaction" and when it must be informed to the TR. As we said on the previous question, in the Dominican Republic, we are working with new legislation where we will request that all transactions must be reported, by both parties involved, before they are cleared and settled.

- **Question 3: Do respondents agree with the proposed approach to UTI allocation for package transactions? Under what circumstances should the entire package have a single UTI?**

We agree with the proposed approach of the UTI.

- **Question 4: Are there other approaches to UTI allocation for package transactions that should be considered? If so, please describe.**

Yes, they must consider when "package transactions" occurs under legislations that have different definitions of an OTC Transaction. Because when they have the "single transaction approach", not all of the components might be reported, for a UTI assignment, and regulators might not be able to identify all of them (whole package).

- **Question 5: Which, if any, of the options for identifying and linking components of packages do you favour and why? In particular, please consider the extent to which the options achieve traceability?**

We favour the first approach, because in the same field we will be able to identify a sequence or relate the different legs of the package. Regarding traceability, having a legend or a unique sequence will make the search easier; and will help us filter the transactions when tracking a structured product.

- **Question 6: Do you see any difficulties in implementing any of the proposed options for identifying and linking components of packages? If so, please describe.**

No. We consider that if we use the same parameters to identify an OTC transaction, all transactions will be traceable for supervision and control.

- **Question 7: Please identify and describe any alternative approaches for identifying and linking components of packages that should be considered, focusing in particular on any impact they would have on UTI generation.**

The moment to assign the UTI, depends on each legislation. We strongly suggest to use an approach where the UTI is assign in the same stage of the process, and to decide on the use of “single side” and “double-side reporting”. This will be an advantage to allow the regulators a common path regarding traceability and order.

- **Question 8: Is the proposed division between events that should and should not require a new UTI complete and correct (please refer to the proposal described in this section and the table in Section 8? If not, please provide other cases and explain why they should or should not lead to a new UTI being required.**

Yes, we agree with the approach presented.

- **Question 9: Different jurisdictions may have different rules (including case law) defining which events would require a new UTI to be created. Are respondents aware of any such differences? What difficulties do these differences create in the creation of UTIs? If jurisdictions’ approaches to when a new UTI is required cannot be harmonised, are there other steps that could be taken to avoid double-counting of transactions reported to different TRs?**

Yes, as we previously said, in the Dominican Republic we are working in a rule to establish an OTC Transactions’ archive. Since we are in the initial steps of the process, we’ll be taking in consideration the implications and consequences of the events that will generate a new number, and when it won’t be necessary. For jurisdictions with established processes, the UTI procedure must consider: the moment to report the OTC Transaction to the TRs, what is consider an OTC Transaction, double and single side reporting, and more.

If approaches cannot be harmonized, the IOSCO must define what transactions will be consider for an UTI generation, and when they must be report.

- **Question 10: Do respondents agree with the analysis of linking related transactions through lifecycle events?**

Yes, we agreed with the proposed analysis.

- **Question 11: Are there other cases to be considered in the analysis of linking related transactions through lifecycle events?**

No.

- **Question 12: Are there practical difficulties that would arise from putting a successor UTI on a transaction that had been terminated? Such difficulties could arise in the reporting, the processing by the TR or the analysis by the authorities.**

If we create a specific field in the reporting, where we will be writing the UTI for a new transaction with clear instructions, we will just make easier to follow the sequence of

events, otherwise the process of tracking the evolution of OTC Transactions or Package Transactions would be difficult.

- **Question 13: Can respondents suggest other ways of achieving links between reports subject to lifecycle events that meet the characteristic to provide an audit trail?**

If OTC transactions, are precede and succeed by new transactions, the only way to trace is to provide a trail, if the new UTI sequence considers a number or a letter to indicate a previous transaction, that will generate more questions, than just having a field of properties for UTIs.

- **Question 14: Which of the proposed solutions to linking reports subject to lifecycle events do you favour? Do you see any difficulties in implementing any of the proposed solutions, and if so, what are they?**

We favour solution ii, because it will take along the necessary information for an audit trail, already filled.

- **Question 15: Can respondents suggest UTI constructs that would achieve embedding the link information about lifecycle events into the UTI while still compliant with the authorities' desired characteristics for the UTI?**

As we previously said, the UTI may content special characters, like letters or numbers to help regulators link and trail other transactions, they can even contain similar numbers, and a letter, to indicate continuity.

- **Question 16: Are there additional issues that should be taken into account in considering the responsibility for generating UTIs?**

No.

- **Question 17: Would it be beneficial if the guidance did not provide for the harmonisation of rules for the responsibility for UTI generation with respect to trades that are not cross-border? Would there be disadvantages to this approach? Does the analysis of this idea depend on which option is used for crossborder trades?**

It wouldn't be beneficial; the guidance should be for all trades. If they're going to be equivalent rules for all jurisdictions there should be equals rules for not cross-border trades.

- **Question 18: Do respondents agree with the high-level assessment of the Option 1 proposal for the responsibility for generating UTIs? Please explain why or why not.**

No, at the present moment our institution is working the correspondent rule for that specific topic that establish which institutions are responsible for the UTI generation process.

- **Question 19: Are there additional considerations relevant to the Option 1 proposal for the responsibility for generating UTIs? If so, please describe.**

No.

- **Question 20: Is a problem of enforceability created if the UTI was generated by an entity outside the jurisdiction of one of the counterparties?**

Yes, Because when legislation have the “single transaction approach”, not all of the components might be reported, for a UTI assignment, and regulators might not be able to identify all of the transactions.

- **Question 21: What are respondents’ views on the proposed Option 1 hierarchy for the responsibility for generating UTIs? Are the steps necessary and sufficient? Are they defined well-enough? Are there alternative ways of achieving Step 6?**

Yes, they’re sufficiently defined nonetheless our legislation contradicts option 1.

- **Question 22: Is it desirable to include the sort of flexibility represented by Steps 1–5? If so, where in the hierarchy should the flexibility be provided?**

The steps are well established. They don’t need flexibility.

- **Question 23: Can respondents provide an alternative set of UTI generation steps for the proposed option 1 hierarchy for the responsibility for generating UTIs that meet all of the characteristics set out in Section 2?**

No.

- **Question 24: Does the proposed Option 1 hierarchy for the responsibility for generating UTIs work across different reporting jurisdictions, particularly considering differences such as single-sided and double-sided reporting?**

No.

- **Question 25: Do respondents agree with the high-level assessment of the Option 2 proposal for the responsibility for generating UTIs? Please explain why or why not.**

Yes, as we previously said our institution is working the correspondent rule for that specific topic that establish which institutions are responsible for the UTI generation process.

- **Question 26: What are respondents’ views on the feasibility of the Option 2 proposal to the responsibility for generating UTIs? Are there particular issues for respondents that operate in more than one jurisdiction? How serious is the possible ambiguity in Option 2 and are there efficient and suitable workarounds?**

The main issue would be all jurisdictions don't use double sided reporting for transactions. It would be difficult to make an audit trail and matching al the transactions between different jurisdictions.

- **Question 27: Are there additional considerations relevant to the Option 2 proposal for the responsibility for generating UTIs? If so, please describe.**

No.

- **Question 28: Is a problem of enforceability created if the UTI was generated by an entity outside the jurisdiction of one of the counterparties?**

No

- **Question 29: What are respondents' views on the possible rules for the generation of UTIs that meet the compatibility approach of Option 2? Are there any additional rules that should be considered to meet the compatibility approach?**

Yes. Regarding the compatibility approach we consider that the guidelines must include the definition of an OTC transaction and when it does qualify for a UTI assignment.

- **Question 30: Do respondents agree with the assessment of the Option 3 approach for the responsibility for generating UTIs?**

No.

- **Question 31: Are there particular challenges for authorities in monitoring compliance with any of the options for the responsibility for generating UTIs?**

No.

- **Question 32: Considering all three options presented for the responsibility for generating UTIs, do respondents see other suitable solutions meeting the characteristics set out in Section 2?**

No.

- **Question 33: Which option for the responsibility for generating UTIs do you regard as preferable? Why is this? What would be the disadvantages to you if your non-preferred option was chosen?**

Our regulation consider option 2 nonetheless option 1 is the most transparent: The non-equivalent rules to specify which entity should be responsible for generating the UTI would lead to inconvenient with the sharing of information with other jurisdictions..

- **Question 34: Is the assessment about timing for UTI generation correct? Are there examples of timing requirements from authorities that are incompatible**

with other elements of the proposed UTI generation approach? If so, please describe them.

Yes.

- **Question 35: Do respondents agree with the proposed overall approach to UTI structure and format? If not, please suggest alternatives that meet the characteristics?**

Not quietly, in the document says that UTI should be jurisdiction-agnostic. It is our concern that this type of operation are used for money laundry purposes or to inflate the income in the result sheet, in a third world country like ours there has to be an institution that eventually checks, clarify and confirms what been happening with this operation. These institutions should be regulated and standardized at least for the beginning. There for at the moment our country has not been regulating this operations and it could be start barrier for the UTI. The first concern related with the companies that do this OTC operation in a regular basis would be the OTC transaction abuses for income increases. There should be audit companies or an OTC transaction manager that should help checking and auditing the institutions who registers the transaction done over the counter in the market are following the right procedures and also this procedures should be standardized for all the countries that starts with the UTI registration.

- **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 our opinion, these are the most important components. CP1, CP2 (Counterparties to derivative transaction), Mint (reference to the legal entity that generates the UTI) and package component suffix.

It is necessary for the UTI to have all the components listed in the question, because the transaction can be trace and register in all the countries with unique codes and numbers. Regarding to the jurisdiction component it should be classified with the name or initial of the country that makes the OTC transaction.

- **Question 37: Would it be useful or necessary to include check digit(s) in the UTI? Why?**

Yes, it would be useful to avoid fraud and to distinguish the different packages of transactions made in life events. Also, these check digits could help to reclassifying the transactions using a logical parameter.

- **Question 38: Which components, if any, should be included in the UTI? Which components, if any, should be used in UTI construction but not appear in the UTI? In answering this question, consider both the components listed in the table above or suggest other components as necessary. Please explain how the particular components contribute towards meeting the characteristics set out in Section 2.**

Currency should be included.

This particular component contributes to classify all the transactions that are made in that country in the different currency.

The UTI should have the listed components, besides the components of the old UTI number:

- *Jurisdiction*
- *Encoding Number*
- *CP1 and CP2*
- *Package Component Suffix*

If the UTI number is complex, each UTI has a unique number in every jurisdiction, and even if the algorithm repeats by coincidence in two or three jurisdiction it would be different because of all the differentiation components. The old UTI should be the same until the time is finish, but when they do new transactions they should use the new ones so each country reduces the old UTI for the new ones. All the countries should try to have a double sided reporting for more clarity.

- **Question 39: Should the UTI be solely a dummy code, i.e. a value that contains no embedded intelligence? Why or why not? Assuming that other data elements regarding a transaction (e.g. the identification of the counterparties, the date and time of execution etc.) will be captured by the report to the TR, is it necessary to reflect such elements in the UTI?**

No it should not be a dummy code. It's necessary so the "transaction repeat phenomenon" is not so often. If the UTI number has intelligence in it reflecting the characteristics in the number like that there is less provability of fraud, duplicity or confusion.

- **Question 40: Should the details of how to construct the ID value be defined and, if so, what approach (e.g. UUID) should be used?**

Yes, it should be detail how to construct the ID values, and also the algorithm should be made by an international entity so in each country has different prefix and suffix but the algorithm content is the same.

- **Question 41: How important will it be to be able to distinguish "new" UTIs from "legacy" UTIs? Assuming that the trade report includes the date and time of execution, would it be necessary to embed the indication in the UTI itself or should the indication be explicit in a separate field?**

If they make modifications to the old number adding new parameter there won't be a problem to distinguish them. We think a separate field must contain the information regarding previous transaction audit must be in the trade report.

Question 42: Is it necessary or practical for the UTI to include a Mint field? If so, is the use of the LEI appropriate for the Mint field in the UTI? Are there other values that could be considered for this? What issues would arise in this case? How should cases where the Mint entity doesn't have an LEI be handled? In a third world country,

yes it is necessary and appropriate to include a Mint component to avoid money laundry and fraud such as LEI. The country that don't use or don't have a LEI would have an inconvenient.

- **Question 43: What issues would arise from using the suffix UTI component to link the reports of components of a package?**

No. To link the report of a transaction package there has to be a number or a code that identify or links all the components of a package. There has to be an institutions that regulates and auditees the UTI transactions.

- **Question 44: Will the inclusion or not of certain components set out above in the UTI require changes to respondents' systems or other systems on which you are dependent? How much change?**

For our jurisdiction it will not imply a change within the system, since we are currently working with a new rule to regulate the OTC transactions and their reporting. We are not currently using a system. We would be starting from scratch.

- **Question 45: Are there any issues in having an "intelligent" UTI? What are respondents' views on the potential solutions to these issues? Are there alternative ways of dealing with this?**

No, we agree with the use of the intelligent UTI.

- **Question 46: Can respondents suggest algorithms that would achieve the Option 3 approach to generating the UTI?**

No, we are not able to suggest one.

- **Question 47: What are respondents' views on the lengths of the various potential components of the UTI (assuming that they are included directly in the UTI) and hence the length of the overall UTI?**

We agree with the length because it will be easier to make an audit trail of each transaction.

- **Question 48: Should the UTI be case-sensitive (allowing for upper- and lower-case characters to be regarded as distinct)? Should the UTI avoid using certain alphanumeric characters that resemble others? For example, do you think it advisable for the UTI system to avoid using the digits "0" and "1" so as to avoid confusion with the letters "O" and "I" (or vice versa)?**

Yes, it would allow the system to generate more possibilities with the same length. No.

- **Question 49: Should other characters be allowed in the UTI beyond those proposed? If so, which ones and why do you recommend them? Could all jurisdictions and languages readily accommodate these characters?**

No, we consider that it may cause confusion to use other characters.

- **Question 50: Should separators between different component parts of the UTI be used? Why or why not? If so, which separators and why do you recommend them?**

Yes, separators should be used between the different components because it will allow the reader to know the difference between each one.

- **Question 51: Should the length of UTI be of fixed or should only the maximum length be indicated?**

It should be fixed.

- **Question 52: Do respondents agree with the proposed implementation approach? Is there a risk that a newly generated UTI would have the same value as an existing UTI as a result of these proposals? Is it possible to estimate the size of this risk? What problems do respondents see regarding “legacy” UTIs under this approach?**

We see twofold benefit arising from the implementation of UTI: first, regulators would be able to expose the workings of currently “invisible” system. Second, in the future and depending on the state of global framework, regulators should be able to get an insight on counterparty exposures that lie between jurisdictions. The main challenge consists in finding creative ways to aggregate, interrelate and hence get the best use out of UTI, while respecting the legal framework in each jurisdiction.

- **Question 53: Are the descriptions of lifecycle events complete and sufficiently defined? In particular, are there differences between novations and assignments that are not captured in the table and which are significant for UTI generation? Are the conclusions as to when a new UTI is required correct?**

Yes, we agree with the proposed table of lifecycle events. Yes, the conclusions regarding the generation of a new UTI are correct.