

Press release

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FSB publishes governance arrangements and implementation plan for the unique transaction identifier (UTI)

The Financial Stability Board (FSB) has published [Governance arrangements for the unique transaction identifier \(UTI\): Conclusions and implementation plan](#). The UTI is a key global harmonised identifier for reporting over-the-counter (OTC) derivative transactions, in particular designed to facilitate effective aggregation of transaction reports. The final arrangements take account of stakeholder responses to a public consultation launched in March 2017, as well as an industry workshop.

G20 Leaders agreed at the Pittsburgh Summit in 2009, as part of a package of reforms to the OTC derivatives markets, that all OTC derivatives transactions should be reported to trade repositories (TRs).¹ A lack of transparency in these markets was one of the key problems identified by the financial crisis. Trade reporting, by providing authorities with data on trading activity in OTC derivatives markets, helps them to identify and address financial stability risks. To use the data from trade reporting effectively, it is important for authorities not only to be able to consider institution-specific risks but to be able to aggregate reporting to consider system-wide risks.

The primary purpose of the UTI is to uniquely identify individual OTC derivatives transactions in reports to TRs. In particular, a UTI helps to ensure the consistent aggregation of OTC derivatives transactions by minimising the likelihood that the same transaction will be counted more than once (for instance, because it is reported by more than one counterparty to a transaction, or to more than one TR).

The FSB's conclusions and implementation plan for UTI governance arrangements complement the work of the Committee on Payments and Market Infrastructures (CPMI) and the International Organization of Securities Commissions (IOSCO) as they develop global guidance on harmonisation of data elements that are reported to TRs. On 28 February 2017 CPMI and IOSCO issued [Technical Guidance: Harmonisation of the Unique Transaction Identifier](#) (UTI Technical Guidance), setting out the UTI Data Standard, which contains a structural definition and a format specification. The UTI Technical Guidance also addresses associated matters such as the circumstances in which a UTI should be used, who should be responsible for generating a UTI, and the impact of lifecycle events on the UTI.

¹ The five reforms are: trade reporting of OTC derivatives; central clearing of standardised OTC derivatives; exchange or electronic platform trading, where appropriate, of standardised OTC derivatives; higher capital requirements for non-centrally cleared derivatives; and initial and variation margin requirements for non-centrally cleared derivatives.

The FSB report sets out conclusions on the governance arrangements for UTI including:

- a recommendation that jurisdictions implement the UTI no later than end-2020;
- the designation of the International Organization for Standardization (ISO) as the responsible body for publishing and maintaining the UTI data standard; and
- the designation of CPMI and IOSCO as the appropriate bodies to undertake the governance functions allocated to an International Governance Body relating to the UTI on an interim basis.

The FSB believes there may be benefits to having a common governance framework, consisting of one or more international bodies, for the UTI and unique product identifier (UPI). Therefore, the FSB considers that the final identification of the International Governance Body should take place contemporaneously with the FSB making its conclusions on of the UPI Governance Arrangements. In that regard, the FSB recently consulted on governance arrangements for the UPI and published the consultation responses.² In 2018, the FSB will engage in further dialogue with the industry and other stakeholders ahead of reaching its final conclusions on the UPI governance arrangements, including through a second public consultation.

Notes to editors

In September 2014 the FSB published its Feasibility Study on Approaches to Aggregate OTC Derivatives Data, which recommended a number of key preparatory steps that should be undertaken to enable effective global aggregation of OTC derivatives trade reporting data. The report recommended, as part of the steps that would be needed irrespective of the particular aggregation model chosen:

“The work to establish uniform global identifiers, i.e. agreement on a UTI and UPI as well as adoption of the Legal Entity Identifier (LEI), should be accelerated to ensure that OTC derivatives data can be adequately aggregated. These steps are important under any option for an aggregation mechanism, and indeed more generally to improve the usability of TR data. The work will probably require official sector impetus and coordination as well as partnership with the industry to achieve global acceptance and serve public interest goals.”

In addition, at the FSB's request CPMI and IOSCO have developed global guidance on harmonisation of data elements that are reported to TRs and are important to aggregation by authorities.

The FSB has been established to coordinate at the international level the work of national financial authorities and international standard setting bodies and to develop and promote the implementation of effective regulatory, supervisory and other financial sector policies in the interest of financial stability. It brings together national authorities responsible for financial stability in 24 countries and jurisdictions, international financial institutions, sector-specific international groupings of regulators and supervisors, and committees of central bank experts. The FSB also conducts outreach with 65 other jurisdictions through its six Regional Consultative Groups.

² Both the consultation paper and consultation responses are available at: <http://www.fsb.org/2017/10/governance-arrangements-for-the-unique-product-identifier-upi-key-criteria-and-functions/>

The FSB is chaired by Mark Carney, Governor of the Bank of England. Its Secretariat is located in Basel, Switzerland, and hosted by the Bank for International Settlements.

For further information on the FSB, visit the FSB website, www.fsb.org.