FSB FINANCIAL STABILITY BOARD

Press release

Press enquiries:
+41 61 280 8138
Joe.Perry@fsb.org

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FSB designates DSB as Unique Product Identifier (UPI) Service Provider

At its meeting on 26 April in New York, the FSB designated **The Derivatives Service Bureau (DSB) Ltd** (DSB) as the service provider for the future UPI system. This is a key step in completing the governance framework for the UPI. As the sole issuer of UPI codes, DSB will also perform the function of operator of the UPI reference data library.

A UPI will be assigned to an over-the-counter (OTC) derivatives product and used for identifying the product in transaction reporting data. This will enable authorities to aggregate data on OTC derivatives transactions by product or by any UPI reference data element. Such aggregation will facilitate the effective use of OTC trade reporting data, including helping authorities assess systemic risk and detect market abuse.

The designation of DSB comes after the FSB publicly invited prospective UPI service providers in July 2018 to submit self-assessments.[1] It is based on an assessment process undertaken by the FSB's Working Group on Unique Transaction Identifier (UTI) and UPI Governance (GUUG), with advice from the Technical Assessment Sub-Group of the Committee on Payments and Market Infrastructures (CPMI) and the International Organization of Securities Commissions (IOSCO) working group for the harmonisation of key OTC derivatives data elements.

The FSB has also decided that the data standard for the UPI code and the UPI reference data elements will be set as international data standards and has identified the International Organization for Standardization (ISO) as the body responsible for publishing and maintaining these standards as international data standards.

In the coming period, the FSB, through the GUUG, will also engage with DSB and a range of authorities to ensure that DSB is subject to appropriately rigorous oversight arrangements and that its existing governance and consultative systems are adapted to the specific features of the UPI system, as set out in the FSB's governance criteria and the CPMI and IOSCO technical guidance.

Notes to editors

DSB, a United Kingdom registered company, is a subsidiary of the Association of National Numbering Agencies (ANNA). ANNA monitors national numbering agencies for compliance with various standards on behalf of ISO and has substantial background with other financial identifiers. DSB generates ISO 6166 International Securities Identification Numbers (ISINs) for OTC derivatives. DSB is a numbering agency designed to operate on a global basis.

[1] FSB (July 2018), Self-assessment questionnaire for prospective UPI Service Providers.

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). 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, is a key part of efforts to identify and address financial stability risks from these markets.

The final report of the FSB's Aggregation Feasibility Study published in September 2014 recommended a number of key preparatory steps that should be undertaken to enable effective global aggregation of OTC derivatives trade reporting data. In particular, the study noted that, irrespective of decisions on global aggregation, it is important that the work on standardisation and harmonisation of important data elements be completed, including the creation of a UPI and UTI, and the global introduction of a legal entity identifier (LEI). The study noted that these steps would also provide broader benefits for the reporting and usability of TR data, beyond the benefit of permitting authorities to aggregate data globally.2

The FSB noted in its work programme for 2019 that finalising governance arrangements for the UPI, and identification of one or more UPI service providers by mid-2019 would prepare for FSB further consideration in 2020 of the potential development of a global aggregation mechanism for trade reporting.

The UPI technical guidance was issued by CPMI and IOSCO in 2017 (UPI Technical Guidance).[3]

The FSB set out the key governance criteria and governance functions in the Explanatory Note to the self-assessment for prospective UPI service providers, published in July 2018.4

The FSB coordinates at the international level the work of national financial authorities and international standard-setting bodies and develops and promotes 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 approximately 70 other jurisdictions through its six Regional Consultative Groups.

The FSB is chaired by Randal K. Quarles, Vice Chairman for Supervision, US Federal Reserve; its Vice Chair is Klaas Knot, President, De Nederlandsche Bank. The FSB 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.

2 FSB (2014), *Feasibility study on approaches to aggregate OTC derivatives data*.
3 See CPMI and IOSCO (2017), *Technical Guidance: Harmonisation of the Unique Product Identifier*.
4 FSB (July 2018), Self-assessment questionnaire for prospective UPI Service Providers.