



Press release

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FSB publishes second consultation on unique product identifier (UPI) governance

The Financial Stability Board (FSB) today published a [second consultation on the proposed governance arrangements for the unique product identifier \(UPI\)](#). This second consultation, which follows an [initial consultation](#) in October 2017, sets out proposals for the governance arrangements for a global UPI, as a key harmonised identifier designed to facilitate effective aggregation of transaction reports from over-the-counter (OTC) derivatives markets.

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

The primary purpose of the UPI is to identify the product that is the subject of an OTC derivatives transaction. The Committee on Payments and Market Infrastructures (CPMI) and the International Organization of Securities Commissions (IOSCO) published their finalised [technical guidance on the UPI](#) in September 2017. Under the Technical Guidance, a unique UPI code would be assigned to each distinct OTC derivative product and would map to reference data elements with specific values that together describe the product. To use the data from trade reporting effectively, it is important for authorities to be able to aggregate reporting not only to consider institution-specific risks but also to consider system-wide risks.

Today's FSB consultation document asks additional targeted questions to assist the FSB in reaching conclusions on aspects of the governance arrangements for the UPI system. Topics include fee models and cost recovery, intellectual property, standardisation, competition among UPI Service Providers and arrangements for a UPI Reference Data Library. The FSB expects to reach conclusions on these issues and to designate one or more UPI Service Providers by mid-2019.

The FSB welcomes comments and responses to the questions set out in the consultation by 28 May 2018. An optional template for submitting responses can be downloaded [here](#). Responses should be sent to fsb@fsb.org with "UPI Governance Arrangements" in the e-mail

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.

subject line. Responses will be published on the FSB website unless respondents expressly request otherwise.

Notes to editors

In September 2014 the FSB published the final report of 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. In particular, the report recommended the following steps would be needed irrespective of the particular aggregation model chosen:

- The work to establish uniform global identifiers, i.e. agreement on a unique transaction identifier (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 more generally to improve the usability of trade repository data.
- International work should take place, involving a broad range of authorities and trade repositories, to develop global guidance on harmonisation of data elements that are reported to trade repositories and are important to aggregation by authorities.

The FSB asked CPMI and IOSCO to develop global guidance on harmonisation of data elements that are reported to trade repositories and are important to aggregation by authorities and said that it would work with CPMI and IOSCO to provide official sector impetus and coordination for the further development and implementation of uniform global UTIs and UPIs.

The FSB published [Governance arrangements for the UTI: Conclusions and implementation plan](#) in December 2017.

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.

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.