1 Fore Street Avenue
London EC2Y 9DT
phone: +44 (0)20.7776.3200
fax: +44 (0)20.7776.3201
www.tradeweb.com

Financial Stability Board
Submitted via email to
fsb@fsb.org

25 May 2018

Dear Sir/Madam,

**Re: Governance arrangements for the unique product identifier (UPI) – Second consultation document**

Tradeweb Europe Limited ("***Tradeweb***") welcomes the opportunity to respond to the FSB's second consultation document on governance arrangements for the unique product identifier (UPI)[1] (the "***Consultation Paper***" or the "***CP***") and to assist the FSB's GUUG in reaching its conclusions on aspects of appropriate governance arrangements for the UPI System.

## Introduction

The Tradeweb group[2] is a leading global provider of electronic trading platforms for derivatives, fixed income instruments, and ETFs bringing greater transparency and efficiency to these markets. Our trading platforms connect more than 2,000 global buy side institutional clients and 50+ dealers across Europe, the United States and Asia, and support more than 25 asset classes in more than 55 countries with a notional of more than USD 350 billion trading on average every day.

We operate regulated trading venues in multiple jurisdictions around the globe including two Swap Execution Facilities (SEFs) in the United States, a Multilateral Trading Facility (MTF) and an Organised Trading Facility (OTF) in Europe, an Electronic Trading Platform (ETP) in Japan, an RMO (Recognised Market Operator) in

[1] http://www.fsb.org/2018/04/governance-arrangements-for-the-unique-product-identifier-upi-second-consultation-document/
[2] More information can be found on www.tradeweb.com



Tradeweb Europe Limited is incorporated in England and Wales with its registered office at 1 Fore Street Avenue, London EC2Y 9DT, and registered number 3912826.
Authorised and regulated by the Financial Conduct Authority. VAT No. 777 9168 61

Singapore, and an ATS (Automated Trading Service) in Hong Kong. As such, we have been deeply involved in the creation and use of identifiers for financial instruments, be it to identify an instrument on our platforms or for use in the reporting of transactions to regulators or the public.

**Comments**

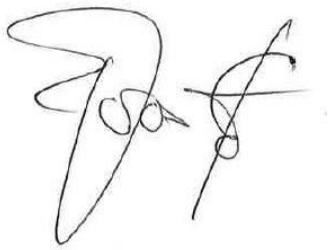
We very much support the response to the CP that is being drafted by ISDA and generally agree with the salient points already made in ISDA's response. That said, we wanted to highlight a few aspects that were raised in the CP specifically given our recent experience with relevant numbering agencies in Europe in the context of identifiers within the MiFID II/R regulatory framework.

- **Governance:** We agree that the governance arrangements of the UPI system require a more formal board structure that includes participation of independent members from a cross-section of industry segments and geographical locations. In this context, the FSB should ensure that representatives of trading venues are invited as members of both the Industry Representation Group (IRG) and the Global Identifier Board (GIB) in order to actively contribute to their work of finding greater efficiencies and coherence in governing UPIs based on their expertise and experiences.
- **Competition and centralisation:** We encourage the FSB to allow for the establishment of multiple UPI service providers as this will foster the provision of a competitive service and pricing environment for UPI users. This view is based on our experience with numbering agencies in Europe, where entities acting as the only provider of ISINs for derivatives possess a monopoly to the detriment of market participants in regards to both the quality and the pricing of the service. However, if multiple UPI service providers are allowed to provide the service, the use of a single UPI Reference Data Library will need to be required to avoid the risk of duplication of UPIs and maintain coherence in the governance of UPIs. Any coordination with this UPI Reference Data Library should sit at the level of the service providers.
- **Short phase-in:** To enhance the coordination of the data that is reported and received under various global transparency regimes, we support a short phase-in period until the use of UPIs becomes required in different jurisdictions. We

suggest the FSB define an end date by when all jurisdictions should require the use of a UPI.

- **Ring-fencing:** There is a need for the core service of the UPI service providers to be clearly defined. This will then also allow for any other services beyond the core service to be clearly identifiable. The question whether these services would need to be ring-fenced will need to be further discussed in the context of any additional cost aspects and benefits of the structure.

We appreciate the opportunity to share our views on some aspects of this Consultation Paper. We would be happy to discuss in greater detail with the FSB GUUG or any members of the group the points we have mentioned above. Please do not hesitate to be in touch with us if you have any questions.



Marcus Schüler
Head of Regulatory Affairs & Market Structure
Tradeweb Europe Limited
marcus.schueler@tradeweb.com