

## **CCIL's Feedback**

FSB's consultation document on "**Governance arrangements for the unique product identifier (UPI): key criteria and functions**" are as under:

### **Questions 1 to 6**

- UPI system should operate on a cost recovery model.
- Similar to governance framework for LEI (which also operates on cost recovery model) where all the LOUs are required to submit their projected expense and income to GLIEF (Operating arm of ROC) to prove that no profit element is built in cost, for UPI also, all the UPI service providers may be required to submit their revenue projection to centralised governing body / National Regulator which will ensure that the model works on cost basis. The frequency of the disclosure could be annual.
- The cost should have two elements – one for development and one for operational maintenance.
- All the users of UPI may be charged based on the usage of UPI services. The revenue model arrived at by the UPI service providers shall include expected UPI usage and accordingly the charges.
- Access to UPI system shall be to all the users of UPI. Access to UPI Reference Data Library should be un-restricted and the cost may be based on per usage. If access is restricted, the users would not be able to fulfil the mandatory requirement of reporting trade data to the TR/regulators in time.
- The guidelines for issuance of UPI as issued by CPMI-IOSCO need to be followed by all the UPI service providers. Any change/review in the guideline may be carried out centrally by CPMI-IOSCO or a designated centralised body and all the UPI service providers to implement the same timely.

### **Question: 12**

LEI governance framework would be an appropriate model for reference.

**Question: 13**

Useful : Centralised governance of GLEIS by GLIEF and decentralised issuance of LEIs by LOUs.

**Questions: 14 to 24**

- UPI reference data element would be standardised in terms of CPMI-IOSCO guidelines. To achieve harmonisation for aggregation of trade data to gauge systemic risk, globally uniform UPI reference data element is a must. International standardization body would help in coordinating and ensuring the UPI code fulfils all the requirement of reference data as guided by CPMI-IOSCO.
- International standardization body may come out with clear requirement for UPI issuance and interested service providers, either sponsored by national regulator or on their own, may apply for a licence/authorisation to operate such services. Subject to fulfilment of the guidelines, the service provider may be given the authority to operate UPI services. Multiple service providers would ensure that UPI is available timely to all the users of UPI with efficient pricing. Further, it will also ensure that the local knowledge of new product/identifier is used to create new UPI code.
- UPIs should be subjected to rigorous data quality checks. Standard Reference Data should also be accessed by all the participants.
- The governance structure of GLEIS may be taken as a reference.