



55 WATER STREET  
NEW YORK, NY 10041-0099  
TEL: 1-212-855-2331  
cchilds@dtcc.com

May 5, 2017

By Electronic Mail (fsb@fsb.org)

Mark Carney  
Chairman of the Financial Stability Board  
Bank for International Settlements  
Centralbahnplatz 2  
CH-4002 Basel, Switzerland

**Re: Proposed Governance Arrangements for the Unique Transaction Identifier (UTI)**

Dear Chairman Carney,

The Depository Trust and Clearing Corporation (“DTCC”)<sup>1</sup> appreciates the opportunity to provide comments on the Proposed Governance Arrangements for the Unique Transaction Identifier (“UTI”) (the “UTI Governance Proposal”). DTCC supports the Financial Stability Board’s (“FSB”) UTI Governance Proposal and believes that it has significant promise to help realize the full benefits of a global UTI. Changes to certain criteria, however, are necessary to ensure the fulfillment of these benefits.

We believe that a strong governance structure is needed to help ensure a consistent implementation of UTI across the globe. Specifically, we believe that the proposed UTI Governance Proposal would be made stronger by making global consistency and coordination in implementation of the UTI a criterion of the governance model. In support of this objective, any UTI governance structure should include an international governing body to help oversee and coordinate the consistent rollout and implementation of a UTI. This structure should, for example, be able to provide regulators with assistance and direction in interpreting the UTI Technical Guidance. Such a structure is necessary to satisfy the “fit for purpose” criterion for the UTI Data Standard as well. Failure to incorporate this into the structure of UTI governance, we fear, would perpetuate the existing fractured reporting system and undermine the ultimate goal of creating globally uniform UTIs. We also believe that Consultative Change Process

---

<sup>1</sup> DTCC provides services for a significant portion of the global OTC derivatives market and has extensive experience operating repositories to support derivatives trade reporting and enhance market transparency. DTCC’s Global Trade Repository service supports reporting across all five major derivatives asset classes and exchange traded derivatives in seven jurisdictions across 34 countries.

criterion should be modified to extend beyond merely soliciting written comments submitted to the governing body to requiring public workshops or forums.

Our more detailed responses to the consultation questions are attached to this letter. DTCC appreciates the opportunity to provide comments on the UTI Governance Proposal and we look forward to discussing these issues and hope you will not hesitate to contact me at cchilds@dtcc.com or +212-855-2331 should you have any questions about our comments.

Sincerely,

A handwritten signature in black ink, appearing to read "C. Childs", written in a cursive style.

Christopher Childs  
Managing Director and Deriv/SERV Chief Executive Officer  
The Depository Trust and Clearing Corp

## **Annex 1      List of consultation questions**

***Q1. Do you consider any further criteria should be included in the above list?***

We believe that there should be a criterion requiring global consistency in two areas. The UTI governance should be part of a framework of governance that takes into account adjacent standards that impact the same stakeholders, specifically the UPI and Critical Data Elements. Having disjointed governance of those significant standards could lead to fragmented, inconsistent, contradictory and less efficient implementation. Additionally, global consistency of implementation should be a part of that criterion for the governance model. Without global implementation consistency, the value of the UTI is severely diminished.

***Q2. Are there any criteria in the list that you do not consider relevant to UTI Governance Arrangements?***

***Q3. Are there ways in which any of the key criteria should be modified?***

Criterion 4.4 should be augmented to require that the public consultation process extend beyond merely soliciting written comments submitted to the governing body to requiring public workshops or forums like those that have been conducted by the CPMI-IOSCO Harmonisation Group (“HG”) on Critical Data Elements to allow for open discussion on the costs and benefits of any change to the UTI.

***Q4. Do you have any suggestions on how the criteria should be applied?***

***Q5. Can you suggest any refinements or additions to the articulated areas of governance?***

F.2.5 should be refined to make clear that the coordination must happen across the implementing authorities to ensure that the standard is implemented in exactly the same manner in every jurisdiction in a synchronized timeframe. A specific concern that the coordinated roll out could address is the timing of generation issue that can arise due to differing reporting timeframes in different jurisdictions. If the implementation is synchronized and the obligation of generating the UTI is applied consistently across jurisdictions, it would avoid duplication of UTIs.

***Q6. Can you suggest any other functions that should be included in the above list?***

***Q7. Are there functions in the list which are not relevant for the UTI in your view?***

***Q8. Do you agree with this analysis? If not, how would you amend it?***

***Q9. Do you see any other disadvantages to seeking UTI's adoption as an International Data Standard?***

A disadvantage to making the UTI an ISO standard is that many of the key questions surrounding UTI fall within the second area, implementation, and cannot by their nature be solved by ISO alone as they require action by the authorities that would be implementing the standard via local regulation.

***Q10. Do you agree with this analysis? Or if not, how would you amend it or what alternatives would you suggest?***

We agree with the analysis and recommendation that ISO be the International Data Standard organization responsible for oversight of the UTI standard. ISO has a long history of data standard governance which can be utilized immediately and, therefore, will facilitate implementation of the standard in a timely and coordinated manner across jurisdictions. Without that level of centralized governance, UTI requirements will be diversely applied over time and the advantages of standardization lost.

***Q11. If a decision were taken to adopt the UTI Data Standard as an International Data Standard, should the FSB seek to impose any conditions or limitations on ISO concerning the maintenance of the UTI Data Standard? If so, which?***

The FSB should consider imposing a condition that a transparent public consultative process should be required for maintenance of the standard in order to allow the relevant stakeholders to weigh in on costs and burdens in addition to recommendations for operational efficiencies.

***Q12. Can you identify any relevant lessons from the LEI governance or other standards in use in the financial community? Are there any lessons learned with respect to referral of a data standard to ISO for adoption?***

The LEI governance showed that ISO could implement a data standard in a quick and transparent way if the appropriate stakeholders were engaged. In the case of LEI a regulatory mandate drove the adoption timetable but the implementation was driven by the industry which quickly formed a consortium of trade associations to collaborate. The UTI mandate needs to be globally implemented and rolled out in a consistent timeframe to meet the mandate. In place of the consortium, a singular international regulatory body in collaboration with the industry can govern the process post implementation.

***Q13. (i) Do you see any other advantages and disadvantages of seeking ISO's assistance in this governance function? (ii) Should the assistance of ISO be sought from the outset or rather in a subsequent step, following implementation of the UTI?***

The key advantages we see are the fact that the mint is an ISO standard, ISO has a strong governance framework in place that is tested and industry experts as well as regulators can participate in working groups to advance the standard.

ISO's experience in governance should be sought from implementation in order to take

advantage of the framework to assist in the implementation. ISO can serve to answer the technical questions that may arise regarding the technical components of a UTI in light of the significant role the LEI plays in the process and its experience with the LEI.

***Q14. Do you agree with these analyses supporting the proposed allocation of functions to Authorities, A.2.1 through A.2.5 above?***

We partially agree with the recommendation. Undoubtedly local authorities, through the exercise of their supervisory powers, need to incorporate the UTI in current or future regulations to take it from guidance to law. However, the authorities should not do this independently. Centralized oversight by an international body is necessary to ensure implementation is rolled out globally with a consistent scope and coordinated timing. A fragmented global implementation will not fully address the problem that the UTI was meant to solve -which is to provide a singular transaction identifier applicable at all times to the transaction anywhere in the world where that transaction has been reported.

***Q15. Are there any functions on this list that you think would be better allocated to a different governance option? If so, which functions and why?***

See DTCC response to Q14.

***Q16. Do you perceive ways in which any of the proposed allocation of governance functions might vary from key criteria? If so, how and why?***

The criterion of “fit for purpose,” the goal of which is maximizing market adoption, may not be satisfied if the UTI is not implemented consistently across jurisdictions. The recommendation for local authorities to implement the guidance exclusively without any global oversight endangers that criterion. The implementation should be overseen by an international governing entity, either the GUUG or the HG.

***Q17. Regarding A.2.5, should the need arise, do you think that instead of the CPMI and IOSCO or the FSB, another international entity should ensure that the key criteria for governance remain fulfilled from the outset of UTI implementation? Should the FSB alternatively recommend that Authorities oversee implementation and await indications of a need for international compliance oversight before allocating this coordination function to an international body?***

We believe that it is necessary from the outset for an international governing entity to ensure that the key criteria for governance remain fulfilled, especially being fit for purpose. The UTI is a global standard and the governance of it must be overseen centrally to avoid the possibility that local authorities with varying priorities and responsibilities do not diverge from the original criteria and repeat the mistake of fragmented implementation.

***Q18. Do you have a view on whether UTI implementation, including the setting of a timeline for implementation, should be conducted by Authorities alone or assisted by an international regulatory body?***

The timeline for implementation should not be set by the authorities alone. We strongly recommend a coordinated roll out of the UTI as a requirement with stakeholder input from the industry on timing, as well as from the parties responsible for generating the UTI and trade repositories.

***Q19. In your view, should the monitoring of implementation of the UTI be performed by Authorities or by another body?***

The monitoring of the implementation should be overseen by an international governing entity, either the GUUG or the HG. Post implementation, there should be an analysis of the efficiency of the process with specific attention to the costs associated with the implementation to ensure that the Open Access criterion requirement of no undue costs is met.

***Q20. If you feel that Authorities should not be responsible for implementation of the UTI, should an existing body be given this responsibility or should a new body be created for this purpose? If the latter, what kind of body?***

See Q19

***Q21. What is your view as to the most appropriate arrangement for the maintenance (updating) of the guidance? Should an existing body be given this responsibility or should a new body be created for this purpose?***

The technical guidance details not only the data standard but the responsibility for the generation of the UTI. This required process, which was undertaken by the HG originally, should continue to be handled by the HG. ISO is not designed for process guidance and the authorities left alone could diverge in the process which would seriously damage the value of the UTI. The HG could oversee the implementation process to address the cross jurisdictional timing issue which could result in two different UTIs being issued for one trade because the generating party in each jurisdiction may be obligated to generate the UTI under local rules. UTI generation in each jurisdiction at a different point in the life cycle of a trade by different entities would result in inconsistent UTIs for the same trade as the generator's LEI is the mint value which is the first part of the UTI.

***Q22. In your view is there an immediate need for an international coordinating body? Please share your views on this point.***

There is an immediate need for an international coordinating body. For a UTI to be useful, it must be implemented exactly the same way in every locality. Timing or scope (e.g. different UTIs per part for a package in one jurisdiction versus a singular UTI for the whole package) would severely diminish the value of the UTI.