

Governance arrangements for the unique product identifier (UPI): key criteria and functions

Consultation document dated 3 October 2017

Optional response template

Submission of responses via this optional template document would assist with the processing of responses.

The document has been designed to be completed as a form in Microsoft Word. Users are only able to make changes in the question response areas shaded grey.

For context or any defined terms, please refer to the relevant parts of the consultation document at <http://www.fsb.org/wp-content/uploads/P031017.pdf>.

Please save and submit the completed questionnaire as a Microsoft Word document, rather than converting it to a PDF.

The FSB invites stakeholders to provide their responses by Friday 17 November 2017 by e-mail to fsb@fsb.org with “UPI governance” in the e-mail subject line. The feedback received will be taken into account in the FSB’s development of the UPI Governance Arrangements.

You may choose to leave answers blank – in that case it is acceptable to leave the answer reading “Click here to answer text”.

Questions	Answers
General questions	
A. Name of respondent institution/firm	ICE Trade Vault, LLC & ICE Trade Vault Europe Limited (collectively "ICE Trade Vault")
B. Name of representative individual submitting response	Melissa Ratnala & Tara Manuel
C. Email address of representative individual submitting response	Melissa.ratnala@theice.com ; Tara.Manuel@theice.com
D. Do you request non-publication of any part(s) of this response? If so, which part(s)? <i>Unless non-publication (in part or whole) is specifically requested, all consultation responses will be published in full on the FSB's website. An automated e-mail confidentiality claim will not suffice for these purposes.</i>	No
E. About the respondent institution/firm	Trade Repository
F. General or introductory remarks	Consistent with its past comment letters submitted to the IOSCO and the CPMI regarding the harmonization of the Unique Product Identifier ("UPI") and the Unique Transaction Identifier ("UTI"), ICE Trade Vault supports the global efforts in implementing a global standard in the data definition, format, and usage that would enhance the transparency and the ability for the derivatives data to be aggregated accurately. While generally in support of these efforts, ICE Trade Vault urges the CPMI and the IOSCO to align any endorsed UPI taxonomy with current and future regulations that would require counterparties to report a UPI, so that both over-the-counter and exchange executed cross-jurisdictional derivatives, would use a mutual, standardized UPI taxonomy.
G. Date of response	November 17, 2017

Questions	Answers
Consultation questions	
Q01. Do you consider any further criteria should be included in the above list?	No comment.
Q02. Are there ways in which any of the key criteria should be modified? If so, which ones and how?	4.7 Cost - Authorities as well as TRs/SDRs should be free if TRs/SDRs are required to have any sort of validation surrounding UPIs. If SDRs/TRs were to be charged those fees would lead to an increase in reporting fees to Participants.
Q03. Should the UPI System operate on a cost recovery model? If not, what is the suggested alternative and how does it fit with other governance criteria?	No comment.
Q04. How should cost recovery be defined in the context of UPI? How should a UPI Service Provider be permitted to recover its costs? Should start-up, infrastructure, and initial creation of UPI Code costs be treated differently than ongoing maintenance and other continuing costs of operating a UPI Service Provider?	No comment.
Q05. How should costs be allocated amongst stakeholders?	No comment.
Q06. How should a UPI Service Provider provide its rationale for calculating cost recovery? What level of transparency and frequency of disclosure of cost by a UPI Service Provider is required to demonstrate that the UPI System is being administered on a cost-recovery basis? For example, should a UPI Service Provider be required to undertake an audit or other type of review of its costs? To whom should transparency be provided (e.g. to Authorities and/or the public) and under what circumstances?	No comment.
Q07. Should there be different categories of users to describe entities that interact with the UPI Service Provider(s), utilise the UPI System, or access	No comment.

Questions	Answers
<p>the UPI Reference Data Library in different ways, such as creation of a UPI Code versus leveraging an existing UPI Code, and at different frequencies? How should those categories be defined and should there be different associated costs based on the type and frequency of use of UPI Codes? How would different cost considerations apply to different aspects of the UPI System?</p>	
<p>Q08. Should access to, and use of, the UPI Reference Data Library (which includes the Data Elements therein) be unrestricted? If not, what types of usage restrictions would be appropriate and to whom should they apply? What would be the consequences, including for harmonisation, of having usage restrictions on the UPI Reference Data Library?</p>	<p>No comment.</p>
<p>Q09. Should the UPI Reference Data Library be subject to any intellectual property restrictions? If so, what types of restrictions would be appropriate? What would be the consequences of having any intellectual property restrictions on the use of, or access to, the UPI Reference Data Library?</p>	<p>No comment.</p>
<p>Q10. Are there any types of ownership or membership structures of a UPI Service Provider that could create conflicts of interest? If so, please describe.</p>	<p>No comment.</p>
<p>Q11. What kinds of business continuity arrangements would it be reasonable to expect from a UPI Service Provider?</p>	<p>Ensure UPIs can still be obtained within any given global timeframe as needed to meet reporting obligations.</p>
<p>Q12. What Governance Frameworks for other universal identifiers should or should not be considered in designing the UPI Governance Arrangements and why?</p>	<p>No comment.</p>
<p>Q13. Which elements of such frameworks would be useful or not useful for the UPI Governance Arrangements and why?</p>	<p>No comment.</p>

Questions	Answers
Q14. Do you agree with the articulated areas of governance identified above?	No comment.
Q15. Can you suggest any refinements or modifications to any of the functions therein?	No comment.
Q16. Can you suggest any other functions that should be included in the above list?	No comment.
Q17. Could a UPI Service Provider also be expected to develop human readable aliases for UPI Codes to satisfy the needs of particular jurisdictions or other stakeholders? Why or why not?	Human readable names associated with each code would contribute positively to the ease of use for market participants to ensure they are easily identifiable and reduce the risk of misidentifying a trade with an incorrect UPI.
Q18. Are there functions in the list which are not relevant for the UPI in your view and if so which ones and why?	No comment.
Q19. Which entity or entities (or type of entity) would be best placed to perform each of the above governance functions?	No comment.
Q20. Do you see a need for the UPI Reference Data Elements to be standardised by an International Standardisation Body and if so why? Are there aspects in which this would be impracticable? If so, please describe those aspects.	<p>Yes, it will be very important to the success of harmonization to have the data elements standardized. For instance, reference prices/index names in the commodities asset class are not standardized across all uses. One suggestion would be to require that all index providers be required to publically publish their index names in a standardized format to allow for a data reference by all parties including market participants and UPI providers.</p> <p>It will be critical that all of the data elements which make up a UPI are standardized and publically available. Market Participants will need this information when they download UPI information to confirm they are using the correct UPI, they will also need to send standardized values back to the UPI provider when they request the creation of a new UPI. Without</p>

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	<p>standardized values, if there are multiple UPI providers there is a greater risk of duplicate UPIs across and even within a providers UPI list. But, any standards body whose values are used for product creation will need to be flexible enough to add values as needed. For example, there is currently reporting required for Bitcoin swaps, as such the value XBT would be part of a UPI product taxonomy, but it is not currently allowed as a standard ISO currency value.</p> <p>Additionally, with regards to data elements, it is ICE Trade Vaults belief that certain data elements which are not currently addressed in the specification are still needed in order to ensure accurate and meaningful aggregation of the data. Some of these include Notional Currency, Quantiy Unit, Price Unit and Price Currency. Without them, a UPI runs of the risk of being aggregated with data that will skew the results such as positions. Examples of this are WTI swaps traded in barrels vs. gallons and commodity index trades traded in USD and EUR. It would not make sense to aggregate these if each example shared the same UPI. Today these fields are commonly found in clearing products which must aggregate products into positions.</p>
<p>Q21. What benefits of implementation of the UPI, if any, do you see beyond OTC derivatives reporting? Please justify your answer.</p>	<p>Ideally, UPIs can be expanded to the reporting of all products both OTC and ETD as well as physical products which may not have regulatory reporting responsibilities. They can be used to standardize back offices processing such as confirmations.</p>
<p>Q22. What would be the respective costs and benefits of the different potential models to administer the UPI System specified above?</p>	<p>No comment.</p>
<p>Q23. What would be the impact on market participants and other key stakeholders of having multiple UPI Service Providers (whether across asset</p>	

Questions	Answers
classes or serving the same asset class) in terms of:	
(a) cost;	No comment.
(b) ease of use of the UPI System;	No comment.
(c) their ability to conform to the UPI Technical Guidance; and	No comment.
(d) their ability to associate UPIs with products in a timely manner at least to facilitate the discharge of reporting obligations for OTC derivative transactions?	<p>This could be challenging with multiple service providers in the same asset class to ensure a UPI doesn't already exist within another service provider prior to associating UPIs. This could delay the association of a UPI and subsequent reporting.</p> <p>If would be critical to have either a UPI aggregator, similar to GLEIF, as well as communications either between UPI providers or an aggregator to confirm a product does not exist before a new UPI can be published. This would need to be done proactively, otherwise reported trades under a duplicate UPI would have to be errored out and resubmitted, likely with new UTIs and references to the former UTI with an indication of why the trade now appears late for reporting.</p>
Q24. Should one or a limited number of UPI Service Providers be selected at the outset? Should the UPI Governance Arrangements allow for additional UPI Service Provider(s) to be incorporated over time?	No comment.