

15 November 2017

To: FSB – Financial Stability Board
Attention: fsb@fsb.org
Re: Governance arrangements for the Unique Product Identifier (UPI)

Dear Sir/ Madam,

We write to you in our capacity as co-chairs of the Standards Advisory Group (SAG) of Technical Committee 68 of the International Organization for Standards (ISO) TC68/AG2.

ISO is an independent, non-governmental international organisation with a membership of 163 national standards bodies. Through its members, it brings together experts to share knowledge and develop voluntary, consensus-based, market relevant International Standards that support innovation and provide solutions to global challenges.

TC68 is the Technical Committee within ISO tasked with developing and maintaining international standards covering the areas of banking, securities, and other financial services. It is organized into Sub-Committees encompassing information exchange, reference data and security to quickly respond to the standardization needs of the stakeholders and users mainly in industry, regulators, and central banks.

The Standards Advisory Group (SAG) as a subgroup of TC 68 acts as an advisory sounding board to support and engage with regulators on financial services standards requirements, for the effective and efficient use and development of financial services standards, delivered using a cooperative relationship approach. The SAG enables a proactive dialogue with regulators on financial services standards matters.

The SAG's objectives are:

- Provide a forum for mutual assistance between the global regulatory community and ISO in carrying out their respective authorities and responsibilities with respect to financial services standards;
- Aid the adoption and promotion of consistent standards, where possible;
- Effectively deal with common issues collectively and consistently; and
- Encourage strong and open communication within the regulatory community and with the industry concerning financial services standards.

The SAG would like to thank the Financial Stability Board for the opportunity to provide comments on the Governance arrangement for the unique product identifier (UPI): key criteria and functions consultation document.

The present SAG's response represents a collective view of its membership and draws upon its knowledge as an expert standards setting body with practitioner-led experience in the development and use of standards.

First, the SAG would like to provide a comment regarding the mandate that the GUUG may recommend whether there should be an International Data Standard for the UPI.

The UPI as a technical standard could be developed by ISO.

Continuing then with a [response to Q20](#), the scope of the UPI standard can be limited to the description of the technical features of the UPI code and UPI Reference Data Elements. ISO/TC 68 has developed data standards, like the LEI, limited to overseeing the structure and format of a code and the related reference data elements. Similar to the LEI standard, such UPI standard would not include the registration or publication processes of the codes that would be part of a future implementation. The actual acceptance of this work into the ISO process would need to go through the governance process of ISO for standards development, namely, the preparation of an application for standards development work (the NP) and the balloting for 12 weeks of this proposal within ISO.

The attributes in the UPI data record would have prescriptive definitions, upholding the UPI principles of Clarity (3.6) and Precision (3.13). The meaning of the UPI would be contained in the UPI Reference Data Elements. There would be the ability to update the reference data records to reflect the meaning of the UPI without need to issue a new UPI, upholding the principle of persistence for UPIs (3.4).

Regarding the questions in the consultation relating to cost recovery and intellectual property (**Q3, Q4, Q5, Q8 and Q9**), the SAG takes the opportunity to refer to the ISO background on these topics that was provided in response to the GUUG Area 1 inquiries regarding the governance for the UTI.

The nature of the costs associated with standards development are the time of the experts on the ISO working group, which in effect is the cost of their participation and sometimes travel costs to participate in in-person ISO working group meetings. Experts that develop ISO standards are volunteers. Their companies or organizations fund the cost of their participation and any travel costs to support ISO standards development.

The activities and services of ISO in Geneva are funded by a business model that includes generating proceeds from the sale of ISO standards documents. ISO publishes its standard documents making them easily accessible. But making the document easily accessible does not imply making the documents available for free. Under this business model, the sale of standards guarantees that the ISO system is financed in a fair manner, in which the users who want to benefit from the standard pay for the standard document(s). This model of financing keeps participation costs down, and insures that ISO standards are developed in a neutral way, not having to rely on funding and potential undue influence from financial sponsors.

In cases where communities of stakeholders or users would want or need access to standards documents, multi-user licensing arrangements could be discussed and negotiated with ISO in Geneva. These multi-user licenses include rebates which are calculated as a function of the number of users or stakeholders. ISO also does not distinguish access to its standards documents by actively using the standard or reading the standard documents for information.

The SAG provides its comments regarding cost recovery within the limited scope of ISO's potential involvement of developing an International standard for the technical features of the UPI. ISO would not be involved in the implementation of the UPI assignment, distribution or maintenance and, therefore, ISO would not have input or control regarding any charges for the issuance or usage of the UPI codes and UPI Reference Data Elements.

ISO holds the IP rights for its standards, but for the purpose of protecting developers and users of its standards, not to restrict development and usage of its standards.

Participants in ISO work have to agree to the declaration on Copyright and data protection (<https://www.iso.org/declaration-for-participants-in-iso-activities.html>). This declaration states that the full copyright of ISO documents are held by ISO. It also states that the contributing organization retains the copyright for the contributed content.

The copyright for all drafts and International Standards and other publications belongs to ISO, IEC or ISO and IEC, respectively as represented by the office of the ISO CEO.

The content of, for example, an International Standard may originate from a number of sources, including existing national standards, articles published in scientific or trade journals, original research and development work, descriptions of commercialized products, etc. These sources may be subject to one or more rights.

In ISO and IEC, there is an understanding that original material contributed to become a part of an ISO, IEC or ISO/IEC publication can be copied and distributed within the ISO and/or IEC systems (as relevant) as part of the consensus building process, this being without prejudice to the rights of the original copyright owner to exploit the original text elsewhere. Where material is already subject to copyright, the right should be granted to ISO and/or IEC to reproduce and circulate the material. This is frequently done without recourse to a written agreement, or at most to a simple written statement of acceptance. Where contributors wish a formal signed agreement concerning copyright of any submissions they make to ISO and/or IEC, such requests must be addressed to ISO Central Secretariat or the IEC Central Office, respectively.

Attention is drawn to the fact that the respective members of ISO and IEC have the right to adopt and re-publish any respective ISO and/or IEC standard as their national standard. Similar forms of endorsement do or may exist (for example, with regional standardization organizations).

One final point on intellectual property, specifically regarding the reference data element of underlying financial instruments in the UPI reference data record, if the CPMI-IOSCO GUUG and consequently the FSB designate that no proprietary intellectual property restrictions would be allowed in the content for this data element, ISO would design the UPI reference data record to require use of only content free of intellectual property or royalty-free licensed identifiers for this data element.

Finally, the SAG would like to provide input **on Q23** regarding the topic of UPI Service Providers.

The UPI technical standard, whether implemented using one or more UPI Service Providers, must insure that the technical standard, both operationally and technologically, is implemented in the same way and to insure that only one UPI is issued per instrument type per asset class avoiding both duplicates or multiple identifiers assigned for the same instrument, upholding the UPI principles of Uniqueness (3.2) as well as Consistency (3.3).

Further, the SAG supports the view that the assignment of identifier codes of reference data standards should leverage automated solutions for code assignment. Code assignment would be based on algorithms capturing the code structure specified in the reference data technical standard. Leveraging automated solutions will insure automatic compliance with the principle of uniqueness of identifier codes by insuring that codes are not duplicated, reused or re-issued, thus upholding the UPI principle of Ease of assignment/retrieval/query (3.7), Long-term viability (3.8) and Compatibility (3.10).

We stay at your disposal to address any questions or concerns you might have related to ISO standards in the field of competence of ISO TC68. Such requests should be directed to Christine Jozet, Secretary of the ISO TC68/AG2 (christine.jozet@ecb.europa.eu).

Thank you and regards,

Allie Harris

Co-Chair of the ISO/TC68/AG2

François Laurent

Co-Chair of the ISO/TC68/AG2