



Japan Securities Dealers Association

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To Secretariat to the Financial Stability Board
c/o Bank for International Settlements
Centralbahnplatz 2, CH-4002 Basel, Switzerland

RE: Comments and Responses on the Consultative Questions in the Financial Stability Board's Consultative Document "Governance arrangements for the unique product identifier (UPI): key criteria and functions (Published on October 3, 2017)"

Dear Sir/Madam:

The Japan Securities Dealers Association (JSDA¹) appreciates the opportunity to provide the following comments on UPI governance published for public consultation on October 3, 2017 by the Financial Stability Board.

We understand that OTC trade data reporting via the swap data repository, one of the key regulatory reforms implemented in various jurisdictions after the financial crisis, provides important risk information to international and domestic regulators. For the industry to keep contributing toward the regulatory purpose, in principle we support the idea of identifier harmonization to assist the consistent aggregation of global data, as long as the following criteria are met and user benefits are derived:

- Along with the development of other identifiers, the UPI governance arrangement needs to be less complex and burdensome to users in all jurisdictions. The work involved in implementing new practices should not be underestimated, especially as data collection, including product type information, is already efficiently conducted via existing platforms.
- Costs should be allocated fairly, not necessarily evenly, among users, perhaps on a volume basis with a minimum fixed charge after a one-time fee for entering the system. Reporting firms currently do not pay for identifying or reporting product type information. The UPI system proposed by CPMI-IOSCO should be operated by users paying extra costs through service fees. Regardless of whether there will be single or multiple UPI service provider(s), the fees charged by service providers and the costs to enhance users' in-house systems and changes over time should not discourage use of the UPI system.
- Since it will affect all firms required to report in the jurisdictions where the SDR

¹ The Japan Securities Dealers Association (JSDA) is an association that functions as both a self-regulatory organization and as an interlocutor between market participants and various stakeholders, including government authorities. Its legal status is a Financial Instruments Firms Association authorized by the Prime Minister. Both functions operate independently. The JSDA is made up of approximately 480 members that include securities firms and other financial institutions running securities businesses in Japan.

regulations and UPI requirement are implemented, the service providers must support users in their own time zone and ideally in their own language, to simplify the work involved.

- Existing or to-be-introduced industry platforms and governance for identifier reporting such as ISIN and LEI will be leveraged in analysis and development of the UPI system so as to avoid duplicated work. Users will not need to set up themselves in a completely new framework or process.
- Changes to the UPI system and operational procedures should require an appropriate level of stakeholder involvement in advance in the design and review stages.

We appreciate the opportunity to respond to the consultation on international efforts on reporting harmonization, and are happy to contribute to further discussion. Please feel free to contact us if any of our comments are unclear.

Sincerely,



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