



October 29, 2017

Thomas L. Brown, Jr.
Senior Standards Specialist, Office of Financial Research
United States Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

*Re: OMG response to Consultation on Unique Product Identifier (UPI) Governance
Delivered by email*

Dear Tom:

Here are the comments from the Object Management Group (OMG) to the UPI Governance consultation paper. Many thanks for the opportunity to comment, and we wish you every success in determining the UPI way forward.

Please note that I have copied in the questionnaire as laid out in the consultation, but only answered the questions where I felt we could add value.

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

Speed to Market:

Given the overdue nature of the need for the UPI, speed to market is critical. While it is unreasonable to expect that a global standard be developed and delivered overnight, the urgency of the UPI does dictate that the organization(s) charged with developing the specification and the governance of the UPI be well-equipped to turn around the process quickly. Further, it is critical that the organization(s) governing the UPI on a going-forward basis provide a robust, well-established revision process whereby the specification can be updated and modified per changing regulatory and market needs, especially during the initial implementations of the standard.

HEADQUARTERS:

109 Highland Avenue Needham, MA 02494 U.S.A.

Tel: +1-781-444 0404 Fax: +1-781-444 0320

Email: info@omg.org www.omg.org

Q2. Are there ways in which any of the key criteria should be modified? If so, which ones and how?

1. Shared Governance should be clearly defined and explained so as to clearly reflect the purpose of the UPI. In particular, in that the UPI is intended to serve the needs of the financial industry and financial industry regulators, it is vital that the controlling body be designated as a reflection of that diversity. To that end, we recommend that the governance of the UPI be based in an organization that:
 - a. Is open to all participants, regardless of organizational affiliation on a non-voting basis with all meetings open to all interested parties. This ensures full transparency of the governance process.
 - b. Includes, as equal voting members exactly one vote from each fully participating organization that can include interested companies and multiple government agencies from any interested country. This ensures that affected parties, both from a legislative perspective and from a user perspective, are represented in the decision-making process. This has the added benefit of reflecting the geographical diversity of the interested parties more accurately than a country-by-country model.
 - c. Provides an open/public comment period on all specifications prior to formal adoption. This further ensures transparency.
 - d. Is genuinely international in character. This ensures that no geographical region has undue sway on the emerging processes.
2. In addition to the openness of the process by which the UPI is governed, it is critical that the output of the UPI be openly available to all interested parties. To that end, any licenses associated with the specification should be specified as having a Non-Assert IPR and the output should be specified as having an MIT-style license which is familiar in open-source software contexts. Such clauses serve to establish the utility nature of the UPI, rather than a product offering of some organization or set of organizations.
3. Responsiveness to change: the governance organization needs to be well equipped to provide rapid updates to any emerging specification in response to changing regulatory and market conditions. An adequate change-response cycle should be demonstrably manageable in the six-to-twelve month window. This will ensure that the UPI remains responsive to shifting conditions.

Q3. 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?

Q4. 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?

Q5. How should costs be allocated amongst stakeholders?

Q6. 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?

Q7. Should there be different categories of users to describe entities that interact with the UPI Service Provider(s), utilise the UPI System, or access 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?

If there is a genuine commitment to both transparency and openness with both the process and the output of the UPI initiative, the simple answer to this is “no.” However, from a functional perspective it likely makes sense to provide users with different views or slices of the data as a function of their profile. This should be purely for usability purposes and users should be permitted to adjust their preferences to suit their needs up to and including accessing all data.

Q8. 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?

There should be no restrictions of any binding sort. Permitting users to set up profiles that provide filtered views of the data to accommodate usability is fine, as per above, but restrictions, strictly speaking, should not be present.

Q9. 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?

The reference library should be open and freely available utilizing an MIT-style License which places no restrictions on use.

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.

By specifying that the UPI is to be governed and distributed in a transparent, open manner, with open and freely available participation, the threat of conflict of interest is eliminated. Provided that the governance model is set up so as to provide all interested parties an equal opportunity to shape the UPI specification, geographical and political conflicts of interest are effectively eliminated,

Q11. What kinds of business continuity arrangements would it be reasonable to expect from a UPI Service Provider?

There are at least two factors to consider from a business continuity perspective: system of record access and shared production of UPIs. Considerations:

- System of Record Access:

In order to ensure that a given product never receives more than one UPI, it is recommended that there be a single repository designated with the responsibility of maintaining the entire catalog. Per the openness and transparency issues addressed above, such a repository would need to be openly available to all interested parties including

- Shared Producers of UPIs:

Given the potential scale, volume, and diversity of the UPI space, having multiple providers generating UPIs which are then validated and cleared through the central system of record is recommended. This provides for the UPI governance model to leverage specialized knowledge centers across the industry as well as distributing the workload across multiple interested parties.

Q12. What Governance Frameworks for other universal identifiers should or should not be considered in designing the UPI Governance Arrangements and why?

The primary governance model that should *not* be considered for the UPI is one that fails to represent industry in an open and equal manner. While no one would propose such a model explicitly, it is all too easy for such a model to develop out of the best of intentions. As is widely known, the Financial Industry is global in scope, with many organizations operating at many levels. Some organizations are very local in their scope, e.g., Pinnacle Bank (California); others are regional, though not global, e.g., Piraeus Bank (Greece and a few other places); while yet others are truly global in nature, e.g., UBS. Ensuring that each interested party is, if they wish, entitled to an equal seat at the table is critical. A governance model that provides one seat per country will not accomplish this as such a model cannot reflect the distribution of the industry.

Q13. Which elements of such frameworks would be useful or not useful for the UPI Governance Arrangements and why?

Q14. Do you agree with the articulated areas of governance identified above?

Q15. Can you suggest any refinements or modifications to any of the functions therein?

Q16. Can you suggest any other functions that should be included in the above list?

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?

Such a solution is now commonplace and any proposed solution that fails to provide for both machine and human-readable data should be considered unqualified.

Q18. Are there functions in the list which are not relevant for the UPI in your view and if so which ones and why?

Q19. Which entity or entities (or type of entity) would be best placed to perform each of the above governance functions?

This requires a two-tier model:

1. First, a governing organization that represents the constituents of the industry, including regulators, should be purposed with overseeing the specification, managing changes to the specification, and ensuring the openness and transparency of the governance process.
2. Second, a set of private parties (e.g., a central registration authority and at least one content provider) should provide for the actual day-to-day maintenance and delivery of the UPI.

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.

A minimal set of Reference Data Elements should likely be specified, but it is vital that the model be extensible, as per the openness discussion above. This, in turn, calls for a responsive governance process moving forward that can incorporate meaningful updates to the specification in a timely manner (likely annually, at least). Beyond the formal updates, however, ensuring the extensibility of the metadata is vital to support a dynamic industry.

Q21. What benefits of implementation of the UPI, if any, do you see beyond OTC derivatives reporting? Please justify your answer.

Q22. What would be the respective costs and benefits of the different potential models to administer the UPI System specified above?

Q23. What would be the impact on market participants and other key stakeholders of having multiple UPI Service Providers (whether across asset classes or serving the same asset class) in terms of:

(a) cost;

October 29, 2017

Page 6

(b) ease of use of the UPI System;

(c) their ability to conform to the UPI Technical Guidance; and

(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?

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?

Again thank you for the opportunity to review and comment on the Consultation, and we wish you every success in determining the way forward for UPI. This document is fully open; please share it with any interested parties.

Best regards,

Richard Mark Soley, Ph.D.
Chairman and Chief Executive Officer