Press release

The Financial Stability Board (FSB) today published a consultation document on proposed governance arrangements for the unique product identifier (UPI). The consultation sets out proposals for the governance arrangements for a global UPI, as a key harmonised identifier designed to facilitate effective aggregation of transaction reports about over-the-counter (OTC) derivatives markets.

G20 Leaders agreed at the Pittsburgh Summit in 2009, as part of a package of reforms to the OTC derivatives markets, that all OTC derivatives transactions should be reported to trade repositories (TRs).¹ A lack of transparency in these markets was one of the key problems identified by the financial crisis. Trade reporting, by providing authorities with data on trading activity, is a key part of efforts to identify and address financial stability risks from these markets.

The primary purpose of the UPI is to identify the product that is the subject of an OTC derivatives transaction. A UPI would be assigned to each product enabling regulators to aggregate data on OTC transactions by product using either the UPI or individual underlying data elements that make up the UPI. To use the data from trade reporting effectively, it is important for authorities to be able to aggregate reporting not only to consider institution-specific risks but also to consider system-wide risks.

The consultation complements the work of the Committee on Payments and Market Infrastructures (CPMI) and the International Organization of Securities Commissions (IOSCO) as they develop guidance on harmonisation of data elements that are reported to TRs. CPMI and IOSCO published on 28 September their finalised technical guidance on the UPI. Under the Technical Guidance, a unique UPI code would be assigned to each distinct OTC derivative product and each UPI code would map to a set of data comprised of reference data elements with specific values that together describe the product.

Today’s FSB consultation document identifies key criteria and functions for the UPI governance arrangements for consultation and also seeks specific feedback on certain issues relating to UPI service provider(s), cost recovery and fee models, and the reference data library that will underlie the UPI system. The FSB expects to publish a further consultation in early 2018 on proposals for the allocation of the UPI governance functions to various entities.

¹ The five reforms are: trade reporting of OTC derivatives; central clearing of standardised OTC derivatives; exchange or electronic platform trading, where appropriate, of standardised OTC derivatives; higher capital requirements for non-centrally cleared derivatives; and initial and variation margin requirements for non-centrally cleared derivatives.
and further aspects of the UPI service provider model. It is envisaged that one or more UPI service providers will be selected during 2018.

The FSB welcomes comments and responses to the questions set out in the consultation by Friday 17 November 2017. Responses should be sent to fsb@fsb.org with “UPI governance” in the e-mail subject line. Responses will be published on the FSB website unless respondents expressly request otherwise.

The FSB will hold a consultative roundtable on UPI governance on Wednesday 11 October 2017 in Montreal. Inquiries about attending the roundtable can be made to the e-mail address indicated above.

**Notes to editors**

In September 2014 the FSB published the final report of the *Aggregation Feasibility Study*, which recommended a number of key preparatory steps that should be undertaken to enable effective global aggregation of OTC derivatives trade reporting data. In particular, the report recommended the following steps would be needed irrespective of the particular aggregation model chosen:

- The work to establish uniform global identifiers, i.e. agreement on a unique transaction identifier (UTI) and UPI as well as adoption of the Legal Entity Identifier (LEI), should be accelerated to ensure that OTC derivatives data can be adequately aggregated. These steps are important under any option for an aggregation mechanism, and indeed more generally to improve the usability of TR data. The work will probably require official sector impetus and coordination as well as partnership with the industry to achieve global acceptance and serve public interest goals.
- International work should take place, involving a broad range of authorities and TRs, to develop global guidance on harmonisation of data

The FSB asked CPMI and IOSCO to develop global guidance on harmonisation of data elements that are reported to TRs and are important to aggregation by authorities and said that it would work with CPMI and IOSCO to provide official sector impetus and coordination for the further development and implementation of uniform global UTIs and UPIs.

The FSB published a consultation on UTI governance arrangements in March 2017 and expects to finalise its conclusions shortly.

The FSB has been established to coordinate at the international level the work of national financial authorities and international standard setting bodies and to develop and promote the implementation of effective regulatory, supervisory and other financial sector policies in the interest of financial stability. It brings together national authorities responsible for financial stability in 24 countries and jurisdictions, international financial institutions, sector-specific international groupings of regulators and supervisors, and committees of central bank experts. The FSB also conducts outreach with 65 other jurisdictions through its six Regional Consultative Groups.

The FSB is chaired by Mark Carney, Governor of the Bank of England. Its Secretariat is located in Basel, Switzerland, and hosted by the Bank for International Settlements.

For further information on the FSB, visit the FSB website, [www.fsb.org](http://www.fsb.org).