Amundi's response to FSB's consultation document on Proposed governance arrangements for the Unique Transaction Identifier (UTI)

(May 5, 2017)

Amundi is very supportive of the long standing engagement of Standard Setting Bodies and FSB to promote efficient tools to enhance market supervision and daily administrative work in the back offices of market participants. We think that the implementation of LEI is a real success and even suggest to build on it, not only through the introduction of UPI and UTI references, but also by the addition of further fields in the reference format of LEI. We would consider as an improvement to have a golden source with LEI as to the group links of an entity or its classification under Dodd Frank or EMIR for example.

As a leading asset manager, ranking first in Europe and among the top 10 worldwide in terms of AuM, Amundi is representative of the end investors on the market. Our view is very much that authorities should provide market participants and especially end clients with simple and easy to access data that will help internal processing and reconciliation with counterparties. We think that merits of UTI will extend much further than enhanced reporting to TRs. We strongly believe that UTI, if properly implemented and supervised, is one piece of information that will be very helpful in our daily life. Thus, our answer to the present consultation should be seen both as an encouragement to proceed with UTI and a series of comments on those governance points where we feel our opinion might be of interest for FSB. These comments will be most often presented at the level of the section, which appears to offer a better granularity than each individual question.

Questions for stakeholders on the criteria

Q1. Do you consider any further criteria should be included in the above list?
Q2. Are there any criteria in the list that you do not consider relevant to UTI Governance Arrangements?
Q3. Are there ways in which any of the key criteria should be modified?
Q4. Do you have any suggestions on how the criteria should be applied?

Amundi globally agrees with the list of proposed criteria. However, we notice that two (Economic sustainability and Open access) have no rationale behind them and we believe it

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is not pure chance. We think that these 2 criteria could be merged with the following one, Intellectual property. The rationale of the UTI considered as a public good is valid not only for limiting restrictions based on intellectual property rights but also to grant open access and it implies a business model that will ensure sustainability through a cost sharing approach. We suggest to merge the 3 criteria under one heading : public good. We think that having 3 different criteria adds opacity and complexity on a central issue where a key message must be sent : UTI is a public good.

We submit the following wording :
Public good: *The UTI Data Standard shall not be subject to any intellectual property restriction, and any created intellectual property shall be treated in a manner consistent with open source principles and as a public good. Consistent with this, use of and access to the UTI and UTI Data Standard shall be free of licensing restrictions for authorities and other stakeholders who might be charged only on a cost sharing basis.*
Rationale: a successful and extensive usage of UTI can only take place if its usage is not unduly expensive and its access is made easy.

We particularly welcome the mention of conflicts of interest under 4.8 and suggest that FSB consider developing a similar requirement for data vendors to stop bundling services or data. We also read the requirement for a lean process as implying that no specific body should be created for the governance or administration of UTI, since there are possibilities to build a framework based on already existing and proven competences.

Questions for stakeholders on the areas of governance and associated functions
Q5. Can you suggest any refinements or additions to the articulated areas of governance?
Q6. Can you suggest any other functions that should be included in the above list?
Q7. Are there functions in the list which are not relevant for the UTI in your view?

We think that the division in 3 different areas is somehow artificial but we see merits in it when we read section 6. Reading is easier with the 3 separate chapters.

Questions for stakeholders on maintaining the UTI and keeping it fit for purpose by having the UTI Data Standard adopted as an International Data Standard
Q8. Do you agree with this analysis? If not, how would you amend it?
Q9. Do you see any other disadvantages to seeking UTI's adoption as an International Data Standard?

We agree that such a technical function as supervision and maintenance (and we wonder why it should not amount to up-dating which is under Area 3) can be undertaken by an international Standardisation body. We concur that it is not the role of FSB nor CPMI-IOSCO.

Questions for stakeholders on whether, if the UTI Data Standard is to be adopted as an International Data Standard, ISO is a preferred candidate for the maintenance of the UTI Data Standard and whether there are suitable alternatives to ISO.

Q10. Do you agree with this analysis? Or if not, how would you amend it or what alternatives would you suggest?
Q11. If a decision were taken to adopt the UTI Data Standard as an International Data Standard, should the FSB seek to impose any conditions or limitations on ISO concerning the maintenance of the UTI Data Standard? If so, which?
Q12. Can you identify any relevant lessons from the LEI governance or other standards in use in the financial community? Are there any lessons learned with respect to referral of a data standard to ISO for adoption?
Q13. (i) Do you see any other advantages and disadvantages of seeking ISO's assistance in this governance function? (ii) Should the assistance of ISO be sought from the outset or rather in a subsequent step, following implementation of the UTI?

We do support the suggestion to have ISO as the competent body to have responsibility of Area 1 matters. Its track record and experience are not to be contested and its acquaintance with financial standardization is another positive rationale for the choice of ISO. The possible extension of the scope of UTI to other fields than derivatives, once defined, is another key reason to prefer ISO. Contrary to FSB we do not see the limited influence of regulatory authorities as a drawback, since it ensures independence which is of utmost importance for technical standards. They should not be seen as a regulatory tool nor subject to conflicts of interest or power. Furthermore, ISO is used to the public good approach and cannot be suspected of having appetite for commercial profit.

Turning to different points asked in the questions:

- Q11: no, it should be a 'business as usual' relationship between ISO and authorities in charge of Areas 2 and 3 matters.
- Q12: with LEI, the cost is suffered by the issuer and some were not spontaneously keen to register; but regulation was a strong driver to promote LEI; furthermore, LEI relied on specific local entities, LOUs, that had or developed a specific competence to distribute LEIs; with UTIs there is no need for such intermediaries; conversely the fact that UTIs will be produced by different entities, typically banks and platforms, raises the question of their identification ; we do not suggest to have an agreement procedure, but would very much like that the list of all entities issuing UTIs be centralized and accessible to the public ; we see it as a protection against fraud and a pledge for registered entities to comply with ISO standard;
- Q13: ISO should be involved in the process at a very early stage and it would be counterproductive not to start implementation with the final set-up, which includes ISO.

Questions for stakeholders on proposed Governance Arrangements for Area 2, implementing the UTI Technical Guidance
Q14. Do you agree with these analyses supporting the proposed allocation of functions to Authorities, A.2.1 through A.2.5 above?
Q15. Are there any functions on this list that you think would be better allocated to a different governance option? If so, which functions and why?

Q16. Do you perceive ways in which any of the proposed allocation of governance functions might vary from key criteria? If so, how and why?
Q17. Regarding A.2.5, should the need arise, do you think that instead of the CPMI and IOSCO or the FSB, another international entity should ensure that the key criteria for governance remain fulfilled from the outset of UTI implementation? Should the FSB alternatively recommend that Authorities oversee implementation and await indications of a need for international compliance oversight before allocating this coordination function to an international body?

Amundi shares the opinion that authorities should be responsible for Area 2 matters, i.e. implementation and operational questions. We would just recommend to include professional associations in the scope in order to facilitate education of stakeholders. Locally they can help authorities in their efforts to identify difficulties and suggest solutions. We think that there is a need for a Q and As procedure where cross border professional associations should be very active.

More specifically on Q17, we recommend the more practical approach which is the second half of the question. We prefer a real life test under the supervision of authorities and international entities should only intervene when and if there is a clear need for international compliance oversight. We guess that the forum for the assessment of that potential need will be IOSCO. We believe that FSB's task is to impulse and monitor major political initiatives and not to develop oversight powers.

Questions for stakeholders on governance options for Area 3, coordinating among authorities and updating UTI Technical Guidance as necessary
Q18. Do you have a view on whether UTI implementation, including the setting of a timeline for implementation, should be conducted by Authorities alone or assisted by an international regulatory body?

We feel that the action of authorities should be conducted in a framework defined by international bodies. Typically, the timeline for implementation should not be left at the initiative of authorities if we want a rapid, large and internationally coordinated implementation. We fear that principles defined by IOSCO would not be sufficiently prescriptive without a G20/FSB decision on a deadline.

Q19. In your view, should the monitoring of implementation of the UTI be performed by Authorities or by another body?
Q20. If you feel that Authorities should not be responsible for implementation of the UTI, should an existing body be given this responsibility or should a new body be created for this purpose? If the latter, what kind of body?

We are confident that authorities are well positioned to undertake supervision of the implementation of UTI. We reckon that authorities which have direct supervision over Trade Repositories, ESMA in Europe, will be the first ones to have a view on the success of the

implementation ; they should be given a specific role as whistle blowers in case of apparent dysfunction.

Q21. What is your view as to the most appropriate arrangement for the maintenance (updating) of the guidance? Should an existing body be given this responsibility or should a new body be created for this purpose?

The line to draw between maintenance of Data Standard in Area 1 and up-dating of guidance in Area 3 is not that clear in our mind. We think that ISO will be in sufficiently close contact with professionals and authorities to properly maintain and up date the Standards in total transparency and in compliance with consultation procedures. We do not like the idea to create new structures. We consider that it is workable to add a new task on the list of responsibilities undertaken by CPMI to oversee the necessity to up-date the UTI technical guidance.

Q22. In your view is there an immediate need for an international coordinating body? Please share your views on this point.

No, there is no apparent need for the creation of a new international body to coordinate UTI. We should as a matter of policy avoid to create permanent structures to clear temporary issues and expect the forces and competences of existing authorities to succeed in implementing UTIs.

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