

François Laurent
Chair of the Legal Entity Identifier Regulatory
Oversight Committee (ROC)

Dear Mr. Laurent,

On 26 April 2019, the FSB designated the Derivatives Service Bureau (DSB) Ltd to be the provider of Unique Product Identifier (UPI) codes for market participants globally and, as the sole issuer of UPI codes, to perform the function of operator of the UPI reference data library. When the FSB designated DSB as service provider for the UPI system, it stated that it would ensure that DSB is subject to appropriately rigorous oversight arrangements, as set out in the FSB's governance criteria and the CPMI and IOSCO technical guidance.

The FSB welcomes the willingness of the Legal Entity Identifier Regulatory Oversight Committee (ROC) to assume the oversight role for the UPI, the Unique Transaction Identifier (UTI) and the Critical Data Elements (CDE), as the International Governance Body (IGB) for the globally harmonised derivatives identifiers and data elements used for reporting to trade repositories (TRs). Globally harmonised derivatives identifiers and data elements facilitate the effective use of OTC reporting data, including helping authorities obtain a comprehensive global view of the OTC derivatives markets, thereby assessing systemic risk and detecting market abuse. A lack of transparency in these markets was one of the key problems identified by the 2008-09 global financial crisis. Trade reporting, by providing authorities with consistent standardised data on trading activity, is also key to identifying potential vulnerabilities to financial stability in these markets also during the current crisis.

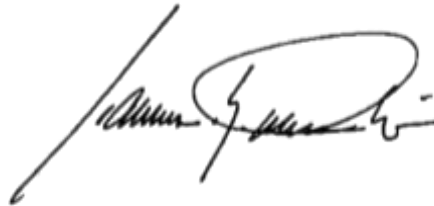
The FSB takes note of the prospective adjustments in the ROC's Charter and Procedural Guidelines that enable the ROC to assume the IGB role.

The FSB therefore transfers all governance and oversight responsibilities in relation to the harmonised derivatives identifiers and data elements to the ROC. This transfer to the ROC also includes the right to de-designate a UPI service provider and to designate providers. This right should henceforth be exercisable by the ROC.

This transfer of all governance and oversight responsibilities to the ROC is effective as of 1 October 2020. The FSB expects the ROC to establish an appropriately rigorous oversight arrangement of DSB and any potential future service providers and ensure that appropriate contingency arrangements are in place so that - in the event of a failure of a service provider to perform or of de-designation - a smooth transition to a newly designated service provider can occur with limited disruptions.

The FSB asks the ROC to update the FSB Plenary by January 2021 and, if necessary thereafter, on the progress in finalising those oversight and contingency arrangements given their relevance to the effective operation of the UPI and the UPI system and to the continued monitoring of financial stability risk.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Randal K. Quarles', with a large, stylized flourish at the end.

Randal K. Quarles

cc ROC Vice Chairs Alan Deaton (Federal Deposit Insurance Corporation), Elmarie Hamman (South Africa Financial Sector Conduct Authority) and P Vasudevan (Reserve Bank of India)