REGIS-TR
EUROPEAN TRADE REPOSITORY

REGIS-TR contribution to

Consultation document on

Proposed governance arrangements for the unique transaction identifier (UTI)

May 2017

Introduction

REGIS-TR is a European Trade Repository for reporting trades and transactions across multiple product classes and jurisdictions. The Trade Repository is open to financial and non-financial institutions, and services all of the major regulatory reporting obligations in Europe.

REGIS-TR welcomes this opportunity to comment on the proposed arrangements for the unique transaction identifier (UTI).

Questionnaire

Questions for stakeholders on the criteria

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

No comments

Q2. Are there any criteria in the list that you do not consider relevant to UTI Governance Arrangements?

No comments

Q3. Are there ways in which any of the key criteria should be modified?

No comments

Q4. Do you have any suggestions on how the criteria should be applied?

No comments

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?

Regarding Area 2 and Area 3, and more specifically the role played by authorities, it is worth emphasising the need for regulators to provide harmonised guidance as to the use of the UTI. Sometimes participants are subject to several regulations and they receive different guidance from the different regulators, which leads to legal uncertainty.

It is understood that any individual transaction should have its UTI and that it should be kept throughout its lifetime. However, as of today, there are still differences among regulatory regimes and the guidance provided by authorities. Some regulatory regimes might consider a certain trade requires one UTI, while if this trade can be broken down into several other trades, other regulatory regimes might consider that these trades each require its own UTI. This occurs for example, in transactions that have multiple deliveries. These differences in the interpretation of what is a unique trade should be harmonised among regulators, and their commitment to do this is therefore necessary.

Q6. Can you suggest any other functions that should be included in the above list?

No comments

Q7. Are there functions in the list which are not relevant for the UTI in your view?

No comments

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?

REGIS-TR agrees with this analysis and is in favour of the proposal of having the UTI Data Standard adopted as an International Data Standard as it will result in more harmonized reporting practices.

Having a framework that includes concrete and straightforward requirements and specifications common to all regulations, to all reportable products and to all jurisdictions, is certainly beneficial for the whole industry, and thus adopting the UTI Data Standard as an International Data Standard seems very reasonable.

From the experienced gained as a Trade Repository, REGIS-TR has seen that there are many reasons why counterparties do not use common UTIs. Sometimes it is not clear who is responsible for the generation of the UTI, sometimes the UTI is not generated on time, or not shared on time, etc. All these issues have been clearly identified in the CPMI IOSCO Technical Guidance. It clarifies that UTIs will be generated in a decentralised fashion by a wide range of actors, making it “jurisdiction-agnostic”, and also describes the characteristics of its structure and format. Although this guidance is already by itself very necessary, industry adoption is just as necessary, and the best way to achieve this is by creating an International Standard.

Although the adoption of a standard requires a big effort from the industry, it is a measure to improve data quality in the long run, which in the end is beneficial for the whole industry.

Q9. Do you see any other disadvantages to seeking UTI’s adoption as an International Data Standard?

The main disadvantages REGIS-TR sees is in adopting UTI as an International Data Standard are the possible costs associated to it, as well as the implications of adding another link to the UTI governance chain, which could result in a slower adaptation of the standard to future regulatory or policy needs. However, given the simplicity of the defined UTI structure, it is not foreseeable that this will be an issue.

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?

REGIS-TR agrees with the analysis. LEI is used in the UTI, and UTI is used in the ISO 20022, meaning there is indeed a strong interrelation of the UTI with other data elements that are already maintained by ISO. This makes ISO the preferred candidate for the maintenance of the UTI Data Standard. On the other hand, the UTI, along with the LEI and UPI are key elements common to many post-trading regulations, so harmonizing them globally makes sense and having the Data Standard maintained by the same entity, is quite consistent. Another strong argument in favour of ISO, is its presence in the financial services community, which will indeed help to achieve industry adoption.

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?

In order for the governance arrangement to keep the UTI Data Standard fit for purpose, that is, to serve public and regulatory interest, there is with no doubt a need for the FSB and all the regulatory community impacted by the UTI and ISO to be aligned and to collaborate. Whether this can only be achieved by empowering the FSB to impose conditions or limitations to ISO, we are not in a position to say.

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?

We have learned many lessons with the implementation of regulations such as EMIR, one of them is that defined and accepted standards generate improvements in terms of quality and efficiency. For example, the Level 2 validations implemented in EMIR reporting back in 2015, introduced ISO standards to the reporting of certain elements such as timestamps, currencies, and entity identifiers, which lead to a significant improvement of data quality.

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?

ISO's assistance should be sought from the outset in the benefit of awareness and industry adoption. Timing is also a key factor for the adoption of a standard, and since there are many regulations in the reporting horizon, the sooner the standard is adopted the better.

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?

REGIS-TR agrees, however, as mentioned already in Question 5, there is a need for regulators to provide harmonised rules as to the use of the UTI, more specifically as to when a new UTI must be created. As of today, there are differences among regulatory regimes and the guidance provided by authorities which causes uncertainty in participants.

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?

No comments

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?

No comments

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?

No comments

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?

No comments

Q19. In your view, should the monitoring of implementation of the UTI be performed by Authorities or by another body?

No comments

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?

No comments

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?

No comments

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

No comments