



23 February 2016

Secretariat of the CPMI
Secretariat of the IOSCO

Harmonisation of the Unique Product Identifier (UPI)-Consultative report

The Technical Committee 68 (Financial Services) of ISO welcomes the opportunity to be able to comment on the consultative report published by CPMI-IOSCO in December 2015 entitled "Harmonisation of the Unique Product Identifier".

TC 68 had established the Standards Advisory Group (SAG-TC 68/AG 2), which mandate is to engage with regulators on financial services standards requirements, for the use and development of financial services standards. The answer to this consultation has therefore been made by the SAG.

The consultative report asks on page 4 for views on whether the proposals are unambiguous. While the overall report is clear, we identified one ambiguity relating to the name of the „Unique Product Identifier." According to 3.2 – „Uniqueness" on page 9, „The classification system should describe OTC derivatives products with sufficient detail and precision to uniquely define a product, but should not be so granular as to describe individual contracts or transactions". This statement shows clearly that the UPI is a classification code and is not designed to qualify as an identifier.

Therefore, we recommend adding a paragraph to the text of the consultation paper to reflect the primary "classification" purpose rather than "identification". This would avoid ambiguity.

The report asks on the same page also "Whether the level of detail is adequate and what additional level of detail would be expected in the final guidance document."

In the context of this question, we would like to inform you about the work done concerning ISO 10962 "Classification of Financial Instruments"(CFI). The Standard provides a classification system covering all types of financial instruments, such as Equities, Debt, Entitlements, Structured Products, Options and Futures, Referential instruments etc. The last revised version of ISO 10962 was finalized at mid-2015 and includes OTC derivatives. ISO Standards rely on the expertise of many country members and Liaison Organizations like the International Swaps and Derivatives Association (ISDA) whose representatives provided the main input for the classification of OTC derivatives.

A dedicated Advisory Group (AGOLT) composed of experts nominated by the ISO/TC 68/SC 4 country members and relevant Liaison Organizations is presently in charge of looking at a strategy to updating the list of domain values for all instrument categories and groups in an efficient manner incl. more frequent updates than the usual ISO review cycle.

The proposed structure of the UPI classification system consists of two sets of data elements, the first one describing the instrument itself and the second one, the Underlier.

The ISIN (ISO 6166) is mentioned as an identifier of the underlying instruments. ISIN in combination with the CFI would serve as perfect combination to identify and classify OTC derivatives. In this context, we would like to mention that it is one of the benefits of the ISO Standards covering the financial instruments to be inter-related. In addition, we note the potential importance of the UPI, in order to provide the additional data specific to OTC derivative alongside the CFI (as a higher level classification tool that is able to span financial instruments generally).

Due to the above-mentioned reasons, we think that it would be beneficial for our organizations to cooperate closely to make profit of potential synergies and ensure the best possible outcome for both the UPI and the CFI.

We trust these comments can be taken into consideration and be useful for the progress of your works.

We would be pleased to provide for clarification should there be a need. Such requests should be directed to Christine Jozet, Secretary of the TC68/AG2 (christine.jozet@ecb.europa.eu)

Yours faithfully,
Allie Harris / François Laurent
ISO/TC68 AG2 Co-Chairs