

**Association of National Numbering
Agencies BV/SRL**

Emma Kalliomaki
Managing Director
Avenue Marnix 13-17
1000 Brussel

Emma.kalliomaki@anna-dsb.com

European Commission

DG FISMA

fisma-otc-derivatives@ec.europa.eu

09 January 2024

Topic: Targeted consultation on OTC derivatives identifier for public transparency purposes

Dear DG FISMA

The Association of National Numbering Agencies ([ANNA](https://anna-web.org/))¹ appreciates the opportunity to responds to the European Commission's targeted consultation on the selection of a unique product identifier for public transparency in over-the-counter ("OTC") derivatives transactions (the Consultation).

By way of introduction, ANNA and its member National Numbering Agencies (NNAs) comprising more than 120 key market infrastructures, such as Stock Exchanges, CSDs, Central Banks, Data Vendors and Regulatory Bodies, are active contributors to the development, adoption, promotion and implementation of global financial standards. NNAs allocate International Securities Identification Numbers (ISIN - ISO 6166), Classification of Financial Instruments (CFI - ISO 10962) and Financial Instrument Short Names (FISN - ISO 18774) for more than 200 jurisdictions. Additionally, under the auspices of the International Organization for Standardization (ISO), ANNA is the Registration Authority for the ISIN and the FISN and established the [Derivatives Service Bureau \(DSB\) Ltd](https://www.anna-dsb.com/)², an ANNA subsidiary, for the assignment of ISIN, CFI and FISN to OTC derivatives. DSB is also designated by the Financial Stability Board as the Unique Product Identifier (UPI – ISO 4914) Service Provider for the UPI System, overseen by the Regulatory Oversight Committee.

ANNA and the DSB support the global adoption, implementation, and use of ISO standards which are globally recognised and subject to a proven governance framework to ensure they evolve in line with user requirements. Within the financial services industry, these standards drive market efficiency, reduce operational risk, and contribute to the development and proper functioning of the global financial markets. The appropriate use of these standards improves data quality and provides greater data analysis opportunities for public authorities and market participants.

Based on the above, ANNA and DSB support both the ISIN and UPI standards. The objective of this paper is to:

1. provide clarity on the purpose and intended use of each ISO identifier,
2. set out the relationship and data alignment between the standards,
3. summarise the synergies and harmonisation across regulatory frameworks,
4. raise data quality and useability implications, and

¹ <https://anna-web.org/>

² <https://www.anna-dsb.com/>

5. highlight implementation factors to be considered when selecting the OTC derivatives identifier to take forward for public transparency purposes.

1. Purpose and intended use of each ISO identifier

The DSB issues three ISO OTC derivatives identifiers which together form an identification hierarchy for OTC derivatives. The CFI, UPI and ISIN are designed to be complementary whilst having different levels of granularity. The DSB also issues the FISN providing a human-readable label which is assigned concurrently with the CFI and ISIN. The level of granularity depends on the purpose for which the identifier has been created.

- CFI – Enables consistent grouping of instruments with similar features by providing a common set of classification definitions.
- UPI – Product level identification to enable aggregation of OTC derivatives transaction reports to provide regulators with a consistent view of systemic OTC derivative risks.
- ISIN – Instrument identification for supervision of market abuse, price manipulation and to spot risks to financial stability at national and cross-border levels.
- FISN - Provides short descriptions of essential information about financial instruments in a human-readable format.

2. Relationship and data alignment between the standards

It is worth noting the holistic design of the standards. The ISIN for OTC derivatives was developed in conjunction with authorities and market participants with the [CPMI IOSCO UPI Technical Guidance](#)³ factored into the required data attributes, supplemented with MiFIR II requirements. In other words, the ISIN for OTC derivatives was designed to align with the UPI from the outset. In particular, the UPI Technical Guidance specifies that the UPI could be leveraged to create other more granular identifiers for other purposes, without hindering the use of the UPI as defined for the reporting of OTC derivative transactions to trade repositories and global aggregation.

“The CPMI and IOSCO intend only to define the technical requirements for a UPI for the unique identification of OTC derivative products in transactions reported to TRs and the eventual global aggregation of these data. The CPMI and IOSCO are conscious that a UPI could serve purposes other than this, such as other forms of regulatory reporting specific to particular jurisdictions, or pre- and post-trade processes performed by market participants and financial market infrastructures. These other uses could imply an identifier with more granular reference data than that required for the regulatory use cases. Therefore, the UPI could be leveraged to create other more granular identifiers for other purposes, without hindering the use of the UPI as here defined for the reporting of OTC derivative transactions to TRs and global aggregation.”⁴

On this basis, the UPI dataset is a subset of the ISIN dataset, and the CFI is common across both identifiers. The relationship between the identifiers is complementary with differing levels of granularity and the data attributes encapsulated within the identifier, assuring the data quality through embedded standardisation.

Table 1 below, for a Single Currency Fixed Float Interest Rate Swap (IRS), provides a representation of the data attributes for each identifier, reflecting the complementary relationship and alignment of the datasets, as well as the representation of the Options proposed in the Consultation.

³ <https://www.bis.org/cpmi/publ/d169.pdf>

⁴ Page 3, section 1.2, [Harmonisation of the Unique Product Identifier - Technical Guidance \(bis.org\)](#)

Table 1.

Single Currency Fixed Float Interest Rate Swap (IRS)						
Attributes in Record	CFI	UPI	Existing ISIN	Modified ISIN	UPI+	Example Values
IDENTIFIER CODE	SRCCSC	QZ0B7849XHTK	EZGLM530HQ45	EZGLM530HQ45	QZ0B7849XHTK	
CFI Code	-	✓	✓	✓	✓	SRCCSC
UPI Code	-	-	✓	✓	-	QZ0B7849XHTK
Asset Class	✓	✓	✓	✓	✓	Rates
Instrument Type	✓	✓	✓	✓	✓	Swap
Underlying asset type	✓	✓	✓	✓	✓	Fixed-Float
Notional Schedule	✓	✓	✓	✓	✓	Constant
Single/ Multi-currency	✓	✓	✓	✓	✓	Single
Delivery Type	✓	✓	✓	✓	✓	Cash
Notional Currency	✗	✓	✓	✓	✓	EUR
Reference Rate	✗	✓	✓	✓	✓	EUR-EURIBOR
Ref Rate Term	✗	✓	✓	✓	✓	6 MNTH
Term of Contract	✗	✗	✓	✓	✗	5 YEAR
Expiry Date	✗	✗	✓	✗	✗	23/09/2028
Forward Starting Term	✗	✗	✗	✓	✗	1 year
Attributes outside record						
Term of Contract	-	-	-	-	✓	5 YEAR
Forward Starting Term	-	-	-	-	✓	1 year

3. Synergies and harmonisation across regulatory frameworks

Today, the ISIN is the instrument identifier used for EU and UK regulatory reporting across all regimes and asset classes. In relation to OTC derivatives, the UPI is only reportable under EMIR for those OTC derivatives which are outside the MiFIR scope. i.e. traded entirely outside a Trading Venue and Systematic Internaliser. On this basis, introduction of UPI plus additional attributes (UPI+) for the transparency reporting use case would result in bifurcation of reporting requirements i.e. UPI+ used to meet MiFIR transparency reporting requirements and ISIN used to meet MiFIR transaction reporting and EMIR reporting requirements for the same OTC derivative. This increases the complexity of reporting requirements, and increases the reporting burden of firms whose systems and reporting workflows are already geared for reporting with ISIN.

In relation to global harmonisation, several jurisdictions implementing the UPI are doing so as their first identifier for OTC derivatives. Their focus, based on the UPI Technical Guidance, is the identification of OTC derivative products in transactions reported to trade repositories and the eventual global aggregation of these data. Where firms have multi-jurisdiction reporting requirements to cover both product and instrument identification, the data attribute alignment between the ISIN and UPI supports the global harmonisation requirements given the UPI is part of the ISIN dataset.

4. Data quality and useability implications

The Consultation outlines the advantage of the ISIN is that it contains the contract term whilst noting the main disadvantage with the ISIN implementation is the inclusion of the expiry date, resulting in the daily issuance of new ISINs for instruments which are otherwise the same. This point has been a reoccurring theme since the development of the ISIN as the OTC derivative instrument identifier, before the transparency use case was raised. Limitations have existed to modify the ISIN given the implementation is based on the MiFIR II requirements.

The Consultation brings an opportunity to address the longstanding concern with the inclusion of the expiry date and improve the useability of the OTC ISIN by aligning with market convention so it meets the transparency use case, thereby also reducing the complexity and reporting burden for firms.

Whilst the two Options proposed in the Consultation result in the same data attributes being required, the fundamental difference is whether the attributes are contained within or outside of the identifier. In having the attributes wrapped in the identifier, standardised rules and validation can be applied consistently across the dataset. Where data attributes are reported separately, data quality is impacted given the greater dependency on multiple sources to derive and produce the data attributes. Consequently, use of the ISIN results in higher data quality compared to an approach which requires the UPI plus the user needing to provide additional data attributes to allow the instrument to be identified. The ISIN on its own is sufficient to identify the instrument being traded and does not rely on the supply of attributes by different parties.

In addition, if the modifications are made to the ISIN, the changes are wrapped within the identifier which reduces the reporting burden as firms will continue to ingest the ISIN and not be required to cater for the additional fields.

5. Implementation factors

With respect to the ISO standards themselves, no ISO development time is required for either Option as no change is needed to either standard. The UPI would be used with additional attributes and in relation to the ISIN, the standard does not specify the implementation for OTC derivatives: this is the responsibility of ANNA, as the Registration Authority and the DSB, as the numbering agency, through its governance process, utilising the DSB Product Committee. The [DSB Product Committee](#)⁵ oversees the definitions of OTC derivatives identifiers and how they translate into data requirements. It is comprised of market participants and regulatory observers.

Given the differing reporting regimes within the EU regulatory framework, consideration needs to be given to the impact on ESMA reference databases and the data required for firms reporting reference data to ESMA versus data to be provided for public dissemination. More broadly, consideration also needs to be given to the impact on National Competent Authorities (NCAs) as whilst the Consultation focus on the transparency use case, there could be an unintended consequence on the supervisory functions and technical implementation impact on NCAs.

In relation to implementation for modifications to the ISIN, the DSB as the numbering agency and UPI Service Provider is uniquely positioned to provide analysis, insight and support on the downstream considerations and can be leveraged for any assistance that is required.

Thank you for the opportunity to provide feedback on this key topic. Do not hesitate to contact us if you wish to further discuss any aspects of our response.

Kind regards

Emma Kalliomaki
Managing Director
Association of National Numbering Agencies BV/SRL and
Derivatives Service Bureau (DSB) Ltd
Email: emma.kalliomkai@anna-web.org
Website: www.anna-web.org

⁵ <https://www.anna-dsb.com/product-committee/>