

Committee on  
Payments and Market  
Infrastructures

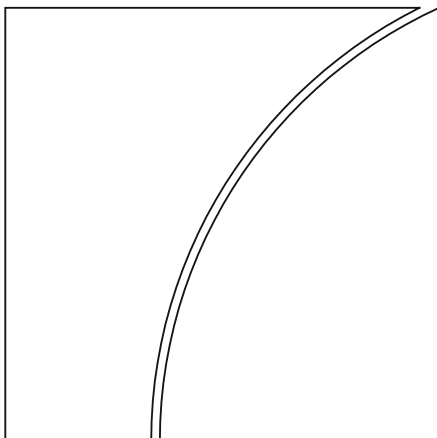
Board of the International  
Organization of Securities  
Commissions

Consultative report

Governance  
arrangements for critical  
OTC derivatives data  
elements (other than UTI  
and UPI)

August 2018

Response form



BANK FOR INTERNATIONAL SETTLEMENTS



**OICU-IOSCO**



# 1. Introduction

The CPMI and IOSCO seek public comment on possible governance arrangements for critical OTC derivatives data elements other than the Unique Transaction Identifier (UTI), and the Unique Product Identifier (UPI) (CDE). CDE are the key data elements for reporting over-the-counter (OTC) derivatives transactions, in addition to the UTI and the UPI.

## 1.1 Background

In 2009, the G20 Leaders agreed that all over-the-counter (OTC) derivatives transactions should be reported to trade repositories (TRs) to further the goals of improving transparency, mitigating systemic risk and preventing market abuse.<sup>1</sup> Aggregation of the data being reported across TRs will help authorities to obtain a comprehensive view of the OTC derivatives market and its activity. Such aggregation is feasible if “the work on standardisation and harmonisation of important data elements [is] completed”.<sup>2</sup>

Since November 2014, the CPMI and IOSCO working group for harmonisation of key OTC derivatives data elements (Harmonisation Group) has worked to develop global guidance regarding the definition, format and usage of critical OTC derivatives data elements reported to TRs, including the UTI, the UPI and other critical data elements. The *Technical Guidance on the Harmonisation of the Unique Transaction Identifier (UTI)* was published in February 2017,<sup>3</sup> the *Technical Guidance on the Harmonisation of the Unique Product Identifier (UPI)* was published in September 2017,<sup>4</sup> and the *Technical Guidance on the Harmonisation of critical OTC derivatives data elements (other than UTI and UPI)* was published in April 2018.<sup>5</sup>

The CPMI and IOSCO are aware that the definitions, allowable values and possibly also the formats of key OTC derivatives data elements will need maintenance in order to ensure that they remain up-to-date and evolve to reflect and support market practices and regulatory needs. The FSB has published conclusions on governance arrangements and implementation plan for the UTI in December 2017<sup>6</sup> and is developing conclusions on governance arrangements for the UPI. The CPMI and IOSCO have been asked to develop maintenance and governance arrangements for CDE. The CPMI and IOSCO will not address other issues that are already or planned to be covered by other international workstreams.

## 1.2 Consultative report on maintenance and governance arrangements for CDE

This document discusses the key criteria for the CDE maintenance and governance (Section 2), the different areas of CDE governance and governance functions (Section 3) and a proposed allocation of the governance functions to different bodies, ie the Maintenance Body, the International Governance Body and Authorities (Section 4). After assessing CDE against other OTC derivatives data elements (the

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<sup>1</sup> TRs are also known as swap data repositories (SDRs) in the United States.

<sup>2</sup> See Financial Stability Board, *Feasibility study on approaches to aggregate OTC derivatives data*, September 2014, [www.financialstabilityboard.org/wp-content/uploads/r\\_140919.pdf](http://www.financialstabilityboard.org/wp-content/uploads/r_140919.pdf).

<sup>3</sup> See [www.bis.org/cpmi/publ/d158.pdf](http://www.bis.org/cpmi/publ/d158.pdf).

<sup>4</sup> See [www.bis.org/cpmi/publ/d169.pdf](http://www.bis.org/cpmi/publ/d169.pdf).

<sup>5</sup> See [www.bis.org/cpmi/publ/d175.pdf](http://www.bis.org/cpmi/publ/d175.pdf).

<sup>6</sup> See [www.fsb.org/wp-content/uploads/P291217.pdf](http://www.fsb.org/wp-content/uploads/P291217.pdf).

UTI, the UPI and the LEI) in Section 5, the document discusses governance arrangements for the execution of maintenance functions by a Maintenance Body (Section 6) and factors relevant for the identification of the International Governance Body (Section 7). Finally, Section 8 briefly mentions the CPMI and IOSCO's approach to CDE implementation.

Comments and responses to general and specific questions are solicited by 27 September 2018 and should be sent to the secretariats of both the CPMI ([cpmi@bis.org](mailto:cpmi@bis.org)) and IOSCO ([cde@iosco.org](mailto:cde@iosco.org)) using the dedicated form. The submitted form with comments will be published on the websites of the BIS and IOSCO unless respondents specifically request otherwise.

Maintenance and governance arrangements for critical OTC derivatives data elements (other than UTI and UPI) – consultative report

Respondent name:

Contact person:

Contact details:

Please flag if you do not wish your comments to be published. Otherwise, the completed form with your comments will be published on the websites of the BIS and IOSCO.

General comments on the report

## 2. Key criteria for the CDE governance arrangements

Q1: With reference to the key criteria of the CDE maintenance and governance framework (Section 2):

- a) Do you consider any further criteria should be included in the above list? If so, which ones should be added and why?

- b) Are there any criteria in the above list that you do not consider relevant to the CDE maintenance and governance arrangements? If so, which ones should be removed and why?

- c) Do you think any of the key criteria should be modified? If so, which ones should be modified, why and how?

- d) Are there considerations which the CPMI and IOSCO should take into account in the event they might need to balance one or more of these criteria against others (ie if a trade-off between criteria becomes evident)?

Other comments on the key criteria for the CDE governance arrangements (Section 2):

**3. CDE areas of governance functions**

Q2: With reference to the CDE areas of governance functions (Section 3):

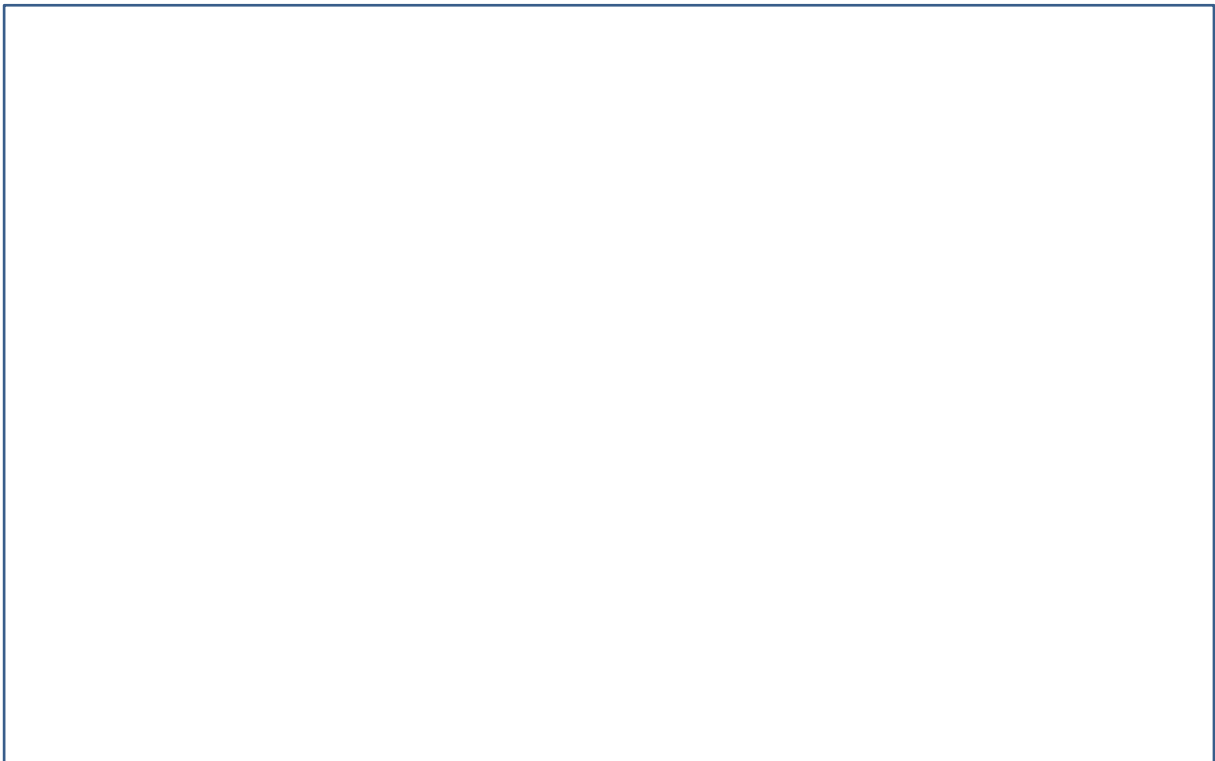
- a) Can you suggest any refinements or additions to the articulated governance functions?



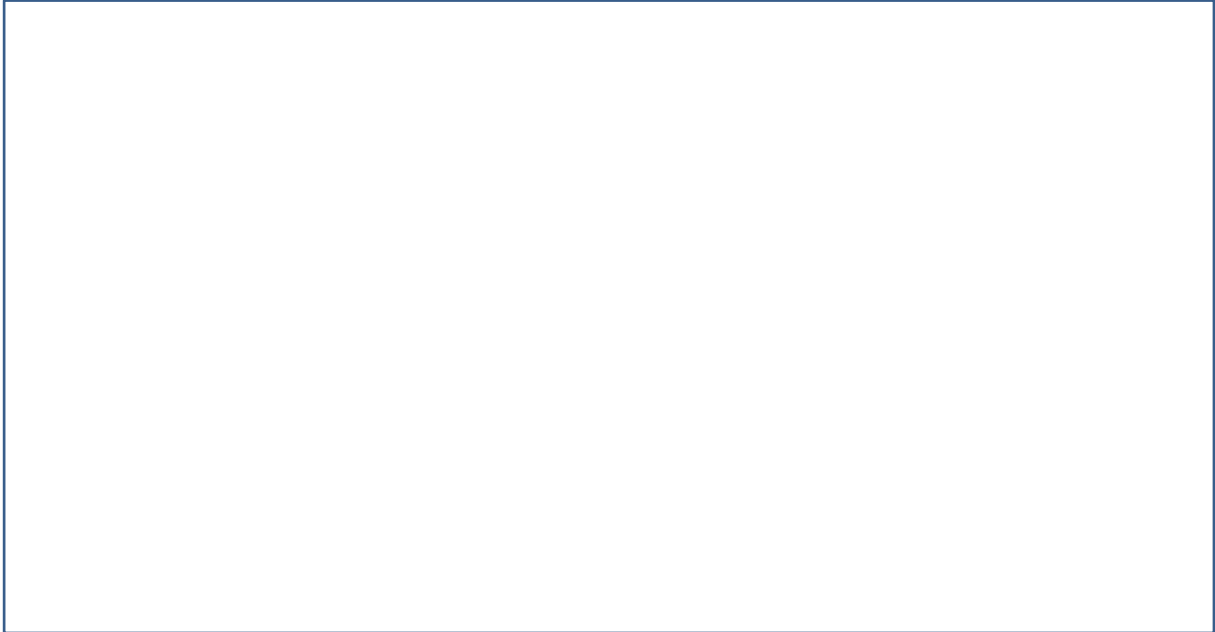
b) Can you suggest any other functions that should be included in the above list?



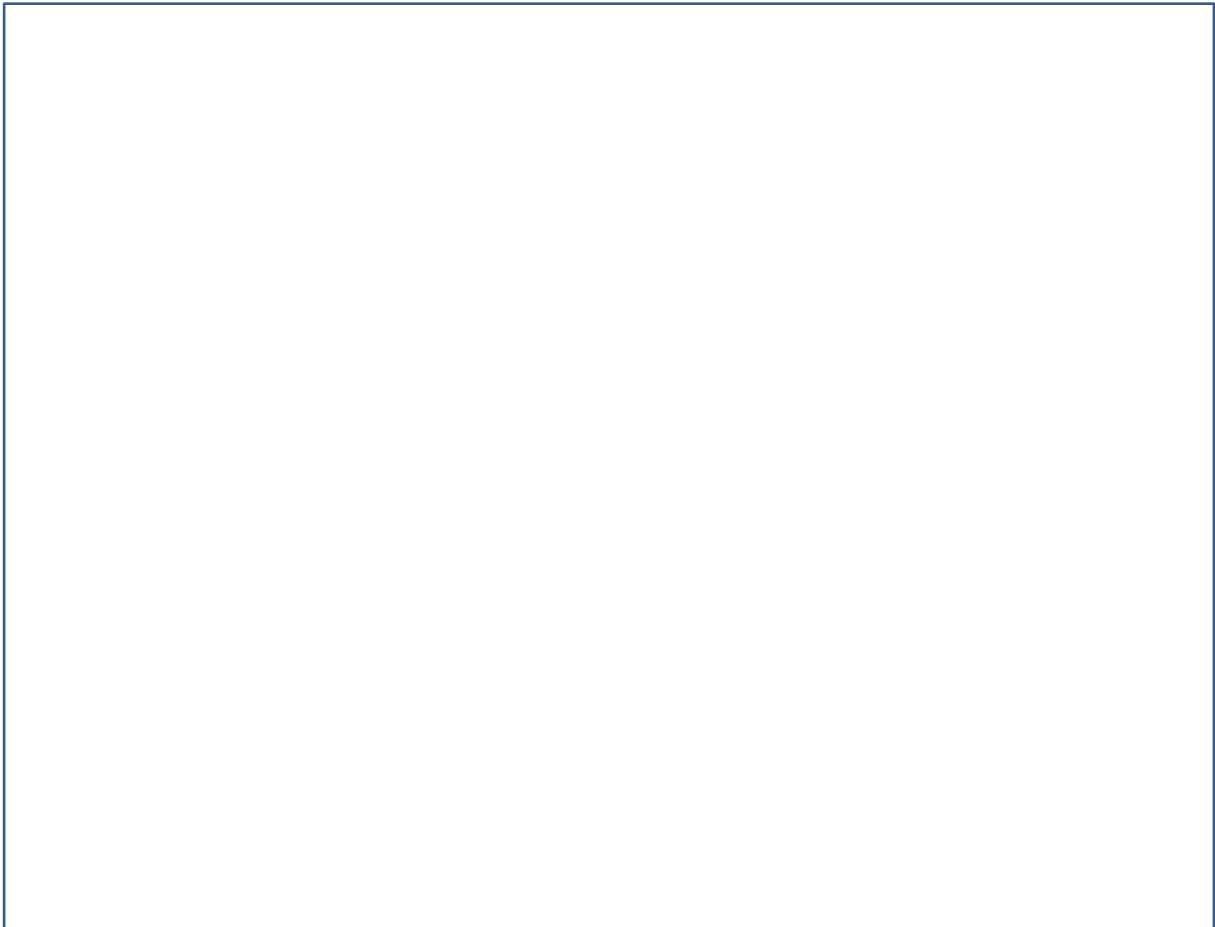
c) Are there functions in the list that are not relevant for the CDE in your view and if so which ones and why?



- d) Are there considerations which the CPMI and IOSCO should take into account in the event they might need to balance the performance of one or more of these functions against others (ie if a trade-off between functions becomes evident)?



Other comments on the CDE areas of governance functions (Section 3):



4. A proposed allocation of CDE governance functions to different bodies

Q3: With reference to the proposed allocation of CDE governance functions to different bodies (Section 4):

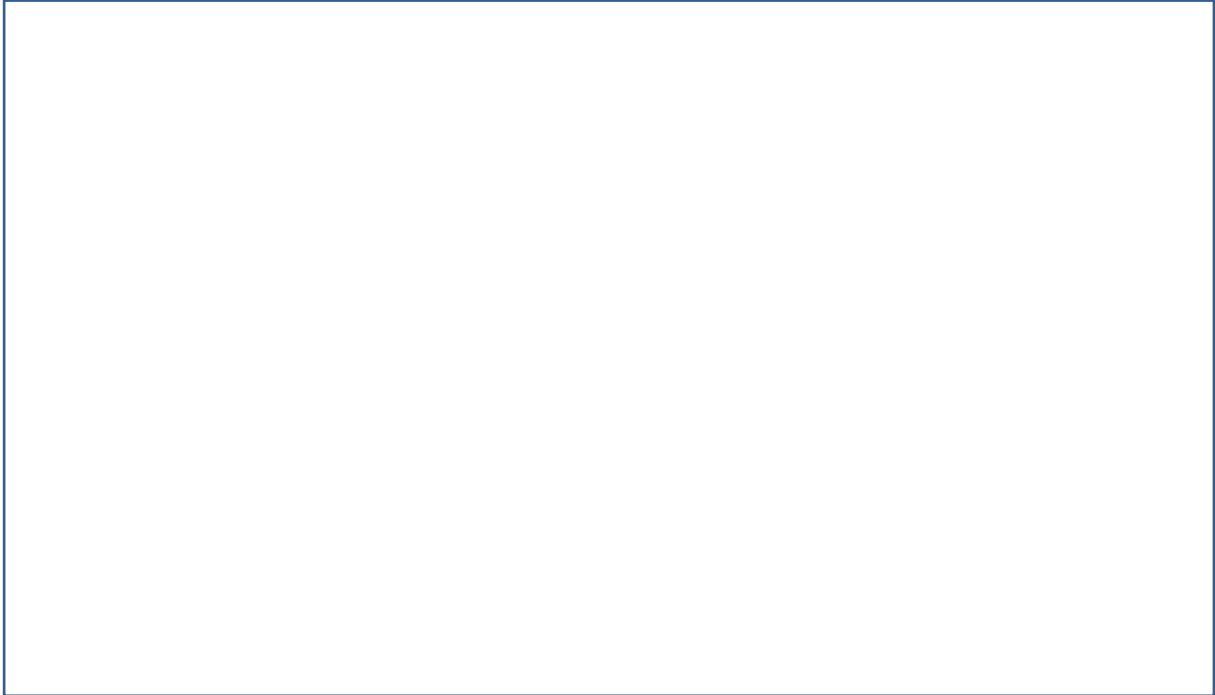
- a) Are there any functions on this list that you think would be better allocated to a different entity? If so, which functions and why? In your assessment, please explicitly consider the way each function is further detailed in section 4.

- b) If under Q2a you have suggested any addition to the governance functions articulated in section 3, please propose an allocation of those additional functions and provide the rationale for such proposed allocation.

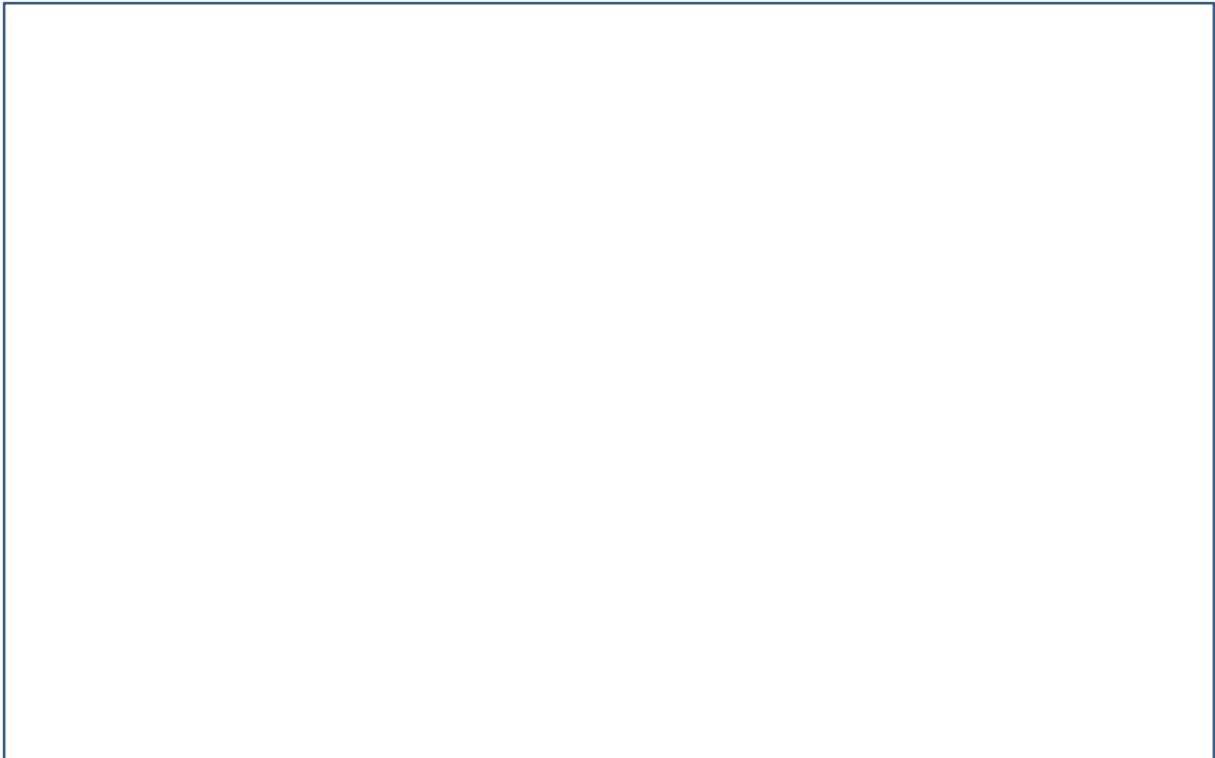
- c) In relation to the proposed governance arrangements under point 4.2.1, what process should the IGB use to consult and gather i feedback from the industry, and why?

- d) What conditions should be considered, other than changes to allowable values, formats and definitions, when deciding to update the CDE Data Standards?

- e) Would you see specific reasons why the CDE Technical Guidance should be updated whenever the CDE Data Standard are updated?



Other comments on the proposed allocation of CDE governance functions to different bodies (Section 4):



## 5. Assessment of CDE against other OTC derivatives data elements (UTI, UPI, LEI)

Comments on the assessment of CDE against other OTC derivatives data elements (UTI, UPI, LEI) (Section 5):

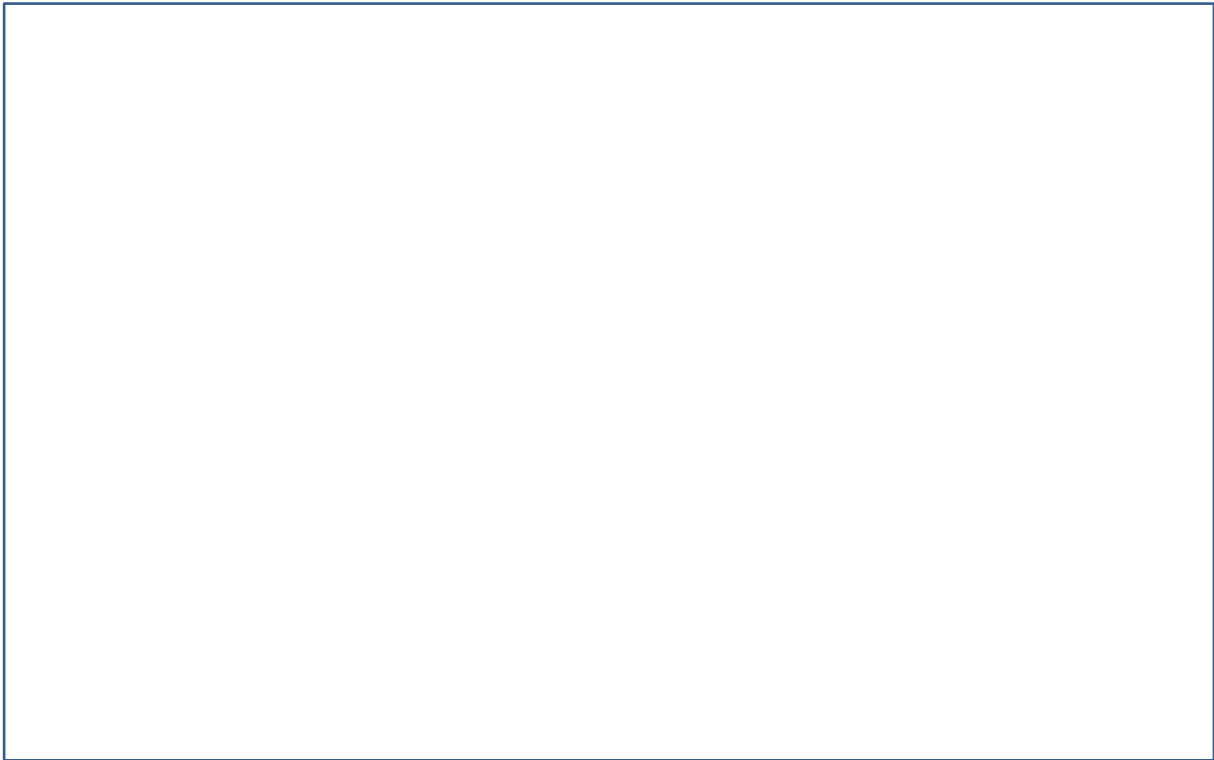
## 6. Proposed governance arrangements for the execution of maintenance functions (area 1)

### 6.1 Adoption of CDE as International Data Standards maintained by an International Standardisation Body

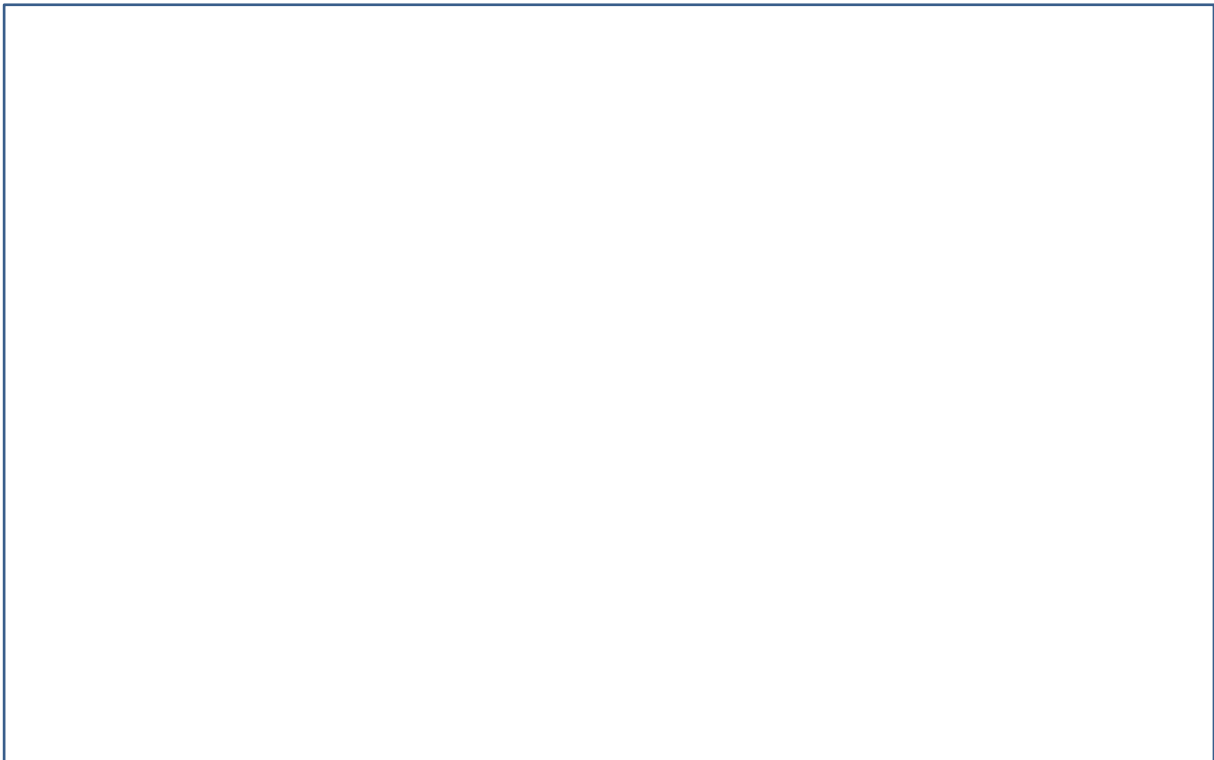
Q4: With reference to the adoption of CDE as International Data Standards maintained by an International Standardisation Body (Section 6.1):

- a) Do you agree with the analysis? If not, how would you amend it?

b) Do you see any disadvantages to seeking CDE adoption as International Data Standards?



Other comments on the adoption of CDE as International Data Standards maintained by an International Standardisation Body (Section 6.1):



6.2 Allocation of the execution of the CDE maintenance functions to ISO

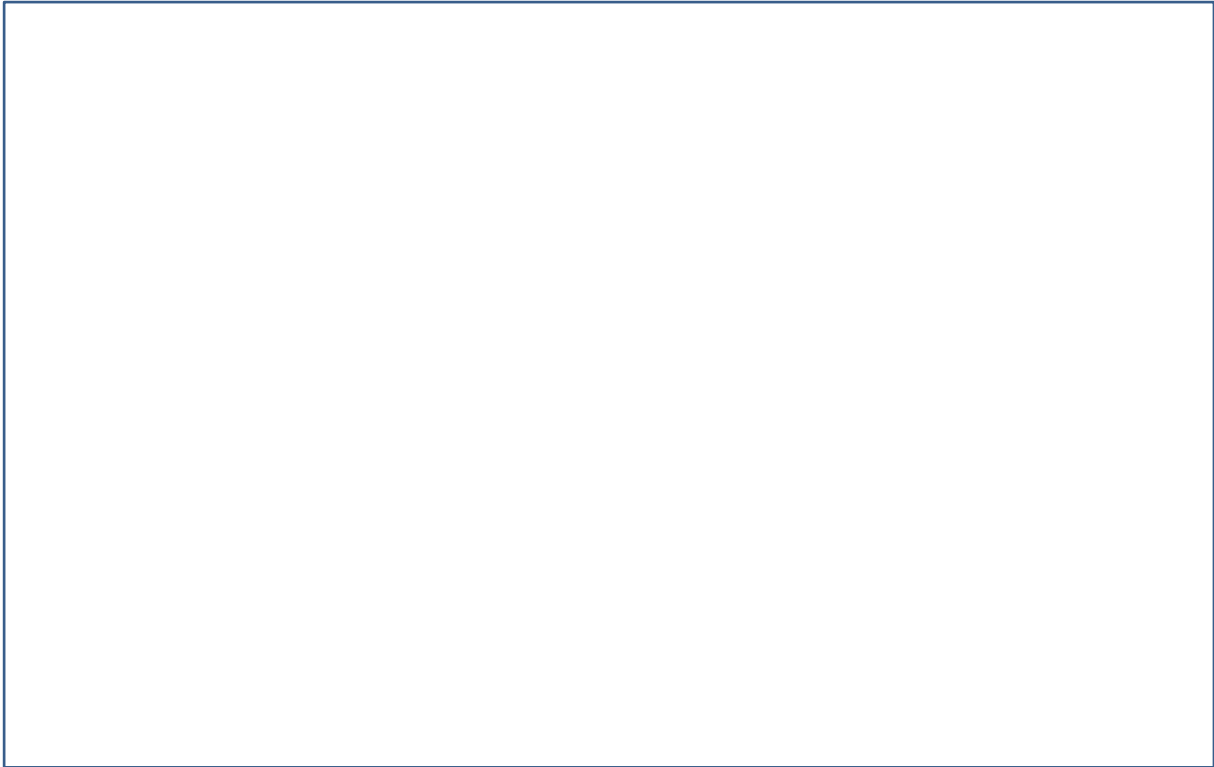
Q5: With reference to the Allocation of the execution of maintenance functions of CDE to ISO (Section 6.2):

- a) Do you agree with this analysis? If not, how would you amend it or what alternatives would you suggest?

- b) If a decision were taken to adopt the CDE as International Data Standards, should the CPMI and IOSCO seek to specify any conditions or limitations on ISO concerning the maintenance of the CDE Data Standard? If so, which?



- c) Do you see any other advantages and disadvantages of seeking ISO's assistance in this governance area?



- d) 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?



Other comments on the Allocation of the execution of the CDE maintenance functions to ISO (Section 6.2):

**6.3 Inclusion of CDE in the ISO 20022 data dictionary**

Q6: With reference to the inclusion of CDE in ISO 20022 data dictionary (Section 6.3):

- a) Do you agree with this analysis generally, and specifically in the context of the proposed allocation of functions described in section 4? If not, how would you amend it?

- b) If a decision were taken to allocate the execution of the maintenance functions to ISO, do you agree that the CDE should be proposed for inclusion in the ISO 20022 data dictionary? If not, what alternatives would you suggest?

- c) Should the CDE be included in ISO 20022 data dictionary, do you have any comments concerning how the potentially significant involvement of market participants in the maintenance of critical data elements might affect the function and efficacy of CDE as part of harmonisation standards for OTC derivative transaction-level reporting?

Other comments on the inclusion of CDE in the ISO 20022 data dictionary (Section 6.3):

**7. Factors relevant to identification of the International Governance Body for CDE in areas 2, 3, and 4**

Q7: With reference to the factors relevant to the identification of the International Governance Body for CDE in areas 2, 3, and 4 (Section 7):

- a) Should the International Governance Body be an existing body or is there a need to create a new body? Especially if an existing body, how important should experience/track record be as a consideration in the choice of IGB?

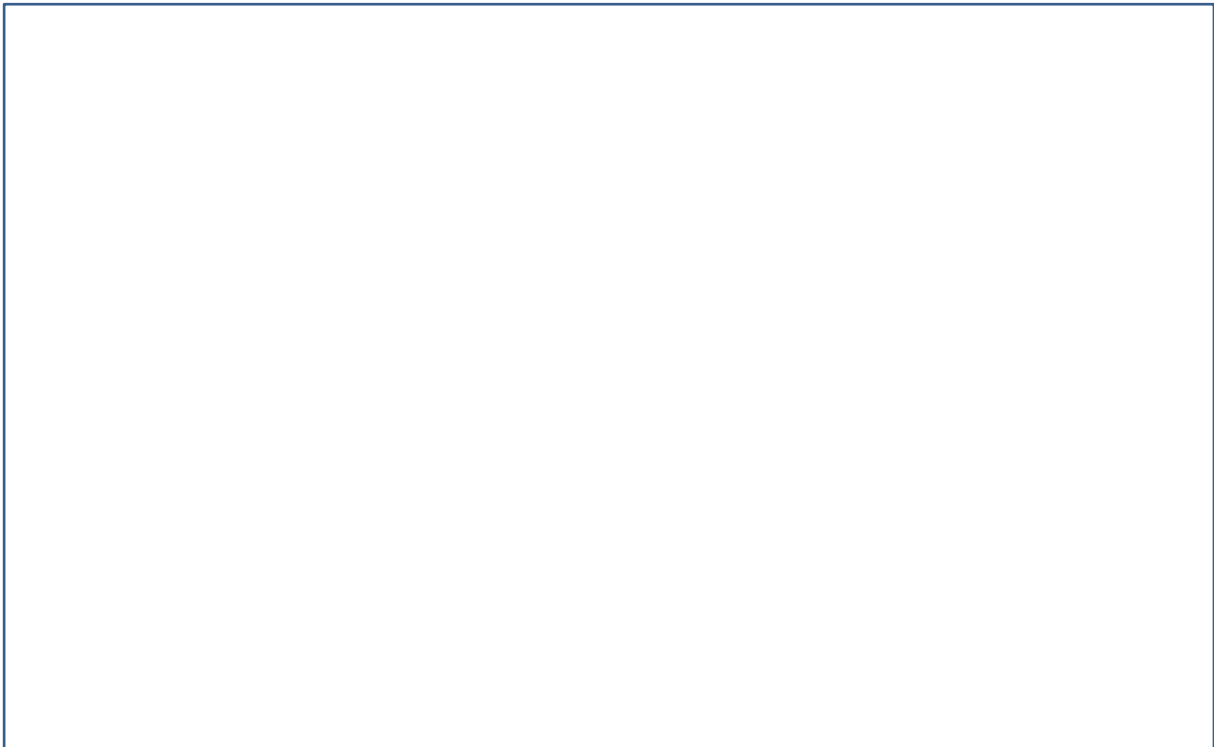
- b) If any International Governance Body would need to absorb significant cost in order to devote sufficient resources to serve effectively in that role (possibly, for example, in the case of a public-public partnership), how should such costs be allocated among stakeholders?

- c) Are there particular characteristics that you believe would best demonstrate that any International Governance Body for CDE has the capacity and resources to serve effectively in that role?

- d) Are there other factors that the CPMI and IOSCO should consider in identifying an International Governance Body?



- e) Taking account of the factors described above and other factors deemed important, which body (or bodies) should the CPMI and IOSCO consider as candidates to serve as an International Governance Body for CDE? Which factors are most influential as the basis for such recommendation(s)?



Other comments on the factors relevant to the identification of the International Governance Body for CDE in areas 2, 3, and 4 (Section 7):

**8. Implementation**

Q8: With reference to implementation (Section 8):

- a) Is there any specific issue or challenge that should be considered by the Authorities?

Other comments on implementation (Section 8):

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Other comments