



FINANS
DANMARK

OTC høring vedrørende UPI vs. ISIN

Question 1. For reporting reference data of in-scope OTC derivatives for the purpose of public transparency which option do you prefer?

- Option 1: mandating UPI plus additional identifying reference data
- Option 2: mandating ISIN and requiring a change to the ISIN attributes to include the above-mentioned two additional product attributes 'Term of Contract' and 'Forward Starting Term'
- Don't know / no opinion / not applicable

Question 2. If you prefer option 1:

a) Do you agree with the proposal to mandate additional identifying reference data alongside the UPI (ISO 4914), such as 'Term of Contract' and 'Forward Term of Contract' for interest rate derivatives?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your reasoning: (5000 tegn)

Kindly note that the response provided is based on the following assumptions/pre-conditions:

- There is no change to the constituents of the UPI. Instead – to facilitate transparency reporting – two additional variables (Term of Contract + Forward Starting Term) is reported. These are reported as supplemental values to the UPI, which is separately reported.
- The suggestion to remove 'Expiry Date' from the ISIN and add 'Forward Term of Contract' only applies to in-scope derivatives as defined within the consultation document. Out-of-scope derivatives will still have to have ISINs generated based on the current template for ISIN generation.

Should any of these assumptions conflict with ESMA's intention, our position in this consultation may be different than what is expressed in the response provided. FIDA is very supportive of the move in general terms from ISIN to UPI on all derivatives on all regulatory trade reporting for MIFIR and EMIR. Therefore, we also support Option 1 in this specific case to use UPI for the pre- and post-trade transparency reporting for OTC-derivatives.

This will cause market participants the least impact and will be relatively easy to implement.

Notat

15. december 2023
Dok. nr. FIDA-711125529-60-v1
Kontakt Nikolaj Pilgaard

Long term regulators globally will have an option to work towards amending the UPI constituents in general to support all requested attributes.

b) Do you foresee any challenges and / or cost impacts in terms of system changes required to provide ESMA with the UPI plus certain additional identifying reference data, instead of only reporting a unique product identifier?

- Yes

- No
- Don't know / no opinion / not applicable

Please explain your reasoning: (5000 tegn)

Aggregation of data for transparency purposes will require (a manageable) inclusion of additional data than a single identifier. Costs related hereto will be relatively limited.

Further, it raises uncertainty of how ESMA wants to handle transparency for derivatives subject to the transparency requirement, but which are out-of-scope products in the context of this consultation (i.e. FX swaps)

Also, UPI is not solely for EU use but also the US and UK, so depending on implementation there would probably be a need for international agreement and coordination regarding changes, pls. also see comments in 2.a.

Finally, there might be cost for ESMA in regard to maintain/update the FIRDS database if UPI is added two attributes.

Question 3. If you prefer option 2:

a) Do you agree that modifying the ISIN by replacing the 'Expiry Date' attribute with the 'Forward Term of Contract' for OTC derivative types which have daily ISINs (e.g., interest rate derivatives) addresses the problems identified with the use of the ISIN for the purposes of public transparency reporting?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your reasoning: (5000 tegn)

b) Do you foresee any challenges and / or cost impacts in terms of system changes required to provide ESMA with the modified ISIN, instead of the existing ISIN?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your reasoning: (5000 tegn)

Notat

15. december 2023

Dok. nr. FIDA-711125529-60-v1



c) Please indicate for which specific types of interest rate swaps the problem of daily ISIN arises that require this remedy:

d) Are there other types of OTC derivatives, apart from the interest rate swaps identified in question 3 (b) and (c), for which the integration of the attribute 'Expiry Date' results in unnecessary daily ISINs and which require modification of their ISIN definition?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your reasoning: (5000 tegn)

Question 4. Are there any other additional identifying reference data that are neither part of the UPI or the ISIN attributes that appear relevant to enhance the above stated aims of price transparency and price formation for in-scope OTC derivatives – interest rate derivatives and/or credit default swaps?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your reasoning: (5000 tegn)

Notat

15. december 2023

Dok. nr. FIDA-711125529-60-v1

