



February 7th, 2011

Mr. David A. Stawick
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

By Email & Overnight Delivery

Dear Mr. Stawick,

On behalf of CUSIP Global Services, which is operated for the American Bankers Association (“ABA”) by Standard & Poor’s, we hereby submit our comments to the *Swap Data Record Keeping and Reporting Requirements* published in the Federal Register on December 8th, 2010 (Vol.75, No. 235).

Executive Summary

As the operators of the CUSIP system for the ABA since 1968, we applaud and support the efforts of the CFTC to promote standardization of unique counterparty identifiers. Given our sole mission to provide unique identification for global Issuers, Obligors and their related financial instruments, we believe we can provide valuable insight into the range of key challenges and possible solutions in this endeavor. The following sections are offered in the spirit of industry collaboration and transparency, offering our specific, practical experience in global data operations and standards development.

Background

CUSIP Global Services (CGS) is dedicated to driving efficient trading, clearing and settlement in capital markets throughout the world by providing a unique common language for identifying financial instruments, their Issuers, and Obligors across institutions, exchanges and nations. With 40 years of experience in the standards and identification businesses, CGS works closely with global market participants to develop innovative solutions to reference data challenges. A Board of Trustees comprised of representatives from leading financial institutions has oversight of CGS expansion and activities, and has been instrumental in ensuring CGS is proactive in meeting industry requirements.

It is important to note that CUSIP’s Issuer / Instrument identification system was born out of industry need, similar to conditions driving the legal entity ID movement today. In July 1964, the New York Clearing House Association approached the ABA to develop a way to improve operating efficiencies across the industry by developing a standard method of identifying securities and their Issuers. The Committee on Uniform Security Identification Procedures (CUSIP) was created to work on this issue.

This resulted in the establishment of the CUSIP system and in 1968 the CUSIP Service Bureau was formed to administer the system. Over the years, the organization's core competencies in standards development, identification and data management, as well as strong relationships with industry stakeholders, positioned it as a catalyst for innovation. As coverage expanded to include new asset classes, their issuers, obligors and associated geographies, CGS emerged as the overarching entity for all CUSIP offerings.

Entity Identification Landscape and Capabilities

In its role as the operator of the CUSIP system on behalf of the ABA for over 40 years, and as active supporters of global development standards since 1976, CGS applauds the CFTC's effort to bring standardization to the legal entity ID ("UCI") arena. As part of its mission to provide unique identification for Issuers, Obligor and their related financial instruments for the US, Canada and 35 other global territories, CGS has already provided more than 600,000 Issuer ID's and more than 9.1 million instrument identifiers to the global marketplace since 1969.

In recent years, CGS has collaborated with market leaders to provide solutions to critical challenges. CGS is the engine behind credit derivative entity ID's ("RED" codes) as well as loan entity identifiers (Markit's "MEI's"). CGS also provides difficult-to-obtain private placement and syndicated loan identifiers at the Issuer / Borrower level, further enhancing its reach in identifying UCI's of interest to the market. For more than forty years, the sole focus of CGS has been to provide unique identification solutions to the capital markets. We believe that the resulting CUSIP identifier for instruments and their issuers is the only truly interoperable coding structure available to all global market participants today on reasonable and non-discriminatory terms.

History of CGS and Global Standards Development

CGS has been an ardent and vocal supporter and leader of ISO standardization efforts for more than 3 decades, and has worked in close cooperation with our colleagues across the global capital markets on a myriad of successful ISO technical committees, working groups and task forces to effect meaningful change. Of particular note:

- CGS is a founding member of The Association of National Numbering Agencies ("ANNA"), which officially formed in 1991 with 22 country members and has now grown to more than 100 members and markets. As the organization's most prolific numbering agency, CGS has been a leader in ANNA's efforts to successfully act as the Registration Authority ("RA") for the ISIN cross-border instrument standard (ISO 6166).
- CGS was a leading force in the pre-ANNA ISIN Experts group, culminating in the first ISIN standard in 1978, has helped draft the International Guidelines for implementation of the standard (WG2), and today operates the ANNA Service Bureau ("ASB"), the only central hub of daily ISIN activity from all participating markets, on behalf of ANNA and global market participants. The ANNA database today contains more than 12.1 million ISINs and related data, and is made available on an uninterrupted basis to customers and ANNA's worldwide on reasonable and non-discriminatory terms.
- Similarly, CGS has been a driving force in ANNA's successful bid to act as the RA for a related capital markets standard, the Classification of Financial Instruments Code (the "CFI", or ISO 10962) since 1997. CGS was the first global NNA to implement the CFI Product code to identify granular instrument-level attributes across borders in its local market in December, 1996, and today, CGS manages more than 9.7 million CFI identifiers for the global markets in the ASB database.
- CGS has also led the global effort to develop a standardized system to identify the descriptive data associated with a financial instrument and its issuer within a useable framework. The resulting ISO standard (ISO 18774 – Financial Instrument Short Name) and associated Abbreviation standard (ISO 18773) were finally approved in 2008, and draw in large part on the

standard descriptive rules and abbreviations created by CUSIP and the American Bankers Association in the US. CUSIP assists ANNA in acting as Registration Authority for these two standards as well, and their importance in the global capital markets is growing each year.

Global Standards Development, CGS, and the IGI Solution

CGS has been an active participant in the global effort to establish a global entity identification standard, and is currently a member of the ISO 16372 (Issuer and Guarantor Identifier – “IGI”) working group. CGS has attempted to share its practical experience with this working group, while remaining aware that ISO efforts to form an entity identification standard have struggled to move forward (under the label IBEI – International Business Entity Identifier) in the past.

Nonetheless, the current IGI approach¹ led by the various global national numbering agencies (“NNA’s”) under the umbrella ANNA organization appear to us as a viable solution for a global entity standard identifier today.

We arrive at this conclusion based on several factors:

- The presence of the NNA’s in pre-trade activities in their respective markets, coupled with the expertise and existing infrastructure of ANNA;
- The possession of appropriate (primary source) legal documentation by these NNA’s as a precondition to their existing role as unique identifier of securities and issuers in their respective markets; and
- ANNA’s experience as a Registration Authority (“RA”) for several related ISO standards, including ISIN, CFI and FISN (elaborated upon earlier).

Best in Breed Versus Today’s Market Reality: What if the IGI is not Developed in Time?

In spite of the foregoing, as well as our continued commitment to the development of global standards, we have seen various efforts in the UCI space struggle to gain momentum due to:

- the failure to produce succinct market requirements, or otherwise prevent “scope-creep”;
- the slow execution path that characterizes the current ISO consensus, approval and voting process;
- the lack of an existing infrastructure and technical resources to manage a project of this scope;
- various special interests engaging in “turf-protection” to the detriment of the end users, i.e. global market participants; and
- inertia; standards activities are “part-time jobs” for busy market practitioners.

Therefore, while we agree with the CFTC’s overarching objective, our comments and accompanying chart below will include our significant, unique insight into the execution path of producing unique identification for legal entities.

While CGS continues to be an active and vocal supporter of ISO and standards development, in response to immediate market needs, it has partnered with Avox Limited, now owned by DTCC, to develop the

¹ The Issuer & Guarantor Identifier, or “IGI” is an International Draft Standard (ISO 16372) that seeks to accommodate *existing* National entity standards (e.g. Italy, Spain have existing 15 – 17 character entity ID’s) in a global common format (up to 20 characters, including an ISO domicile code)

CABRE as a 10-character code for Issuers, Obligors &/or Counterparties, leveraging the CUSIP/CINS 6-character Issuer code where it exists as follows:

What are CABREs?



10-Character Entity Identifier

- For an entity at a specific location
- Assigned for counterparties involved in financial transactions
- Includes a CUSIP issuer identifier where available

CABRE for Toyota Finance Australia Ltd AU0Q9157S7

Domicile Code	Identifier Tag	Code	Check Digit	Resulting CABRE
AU	0	Q9157S	7	AU0Q9157S7

First 2 positions
• ISO country code for physical location of entity
• In this case, Australia

Next position
• Value is '0' if CUSIP issuer identifier is embedded
• Value is '1' if sequentially generated code is embedded

Next 6 positions
• CUSIP issuer identifier or sequentially generated code

Next 1 position Check Digit
• Mathematical formula checks accuracy of the previous 9 characters, and delivers a character result



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This structure allows market participants to coalesce around the CABRE standard in the event that ISO is unsuccessful in its latest standards endeavor, but also maintains the opportunity to contribute CABRE to a successful global ISO standard. At press time, the proposed ISO IGI standard format is 20 characters, in order to accommodate some national entity ID systems, such as Italy and Spain. CABRE has been designed to fit within this framework.

CGS therefore considers that in collaboration with its CABRE partner, Avox/DTCC, it is uniquely positioned in terms of capability, structure and resources to provide the global entity identifier of choice.

The CABRE capabilities, as transposed on the CFTC requirements list, are as follows:

Principles of UCI Identification System	ABA/CUSIP Global Services (CABRE)	Notes to Response
Features of Registration Authority		
Sysetm operated on a not-for-profit basis	X	
System developed via an international "voluntary consensus standards body"	X	
Has a formally documented governance structure	X	
Scope of Entity Types		
Available for all existing entities involved in any aspect of a swap transaction	X	
Extensible to cover future swap market participants or other entities that may be subject to due dilligence	X	
Capable of becoming the single international standard	X	

for swap and derivative UCI's		
<u>Structure and Attributes</u>		
One UCI per unique legal entity	X	
UCI persists despite corporate actions	X	
Contains minimal amount of reference data necessary to uniquely identify the entity	X	
Single data field with little or no imbedded intelligence	X	
<u>Assignment/Maintenance</u>		
Issuance is speedy and unbiased	X	
Trusted and auditable methods for verifying each entity	X	
Robust quality assurance practices and system safeguards	X	
Information on issuance process is available to the public	X	
<u>Commercial Model</u>		
Reasonable initial and annual fees to cover issuance and maintenance	X	
Available to all interested parties on a non-discriminatory, royalty-free, or reasonable royalty basis	X	
Comprehensive UCI directory available publicly and free of charge	X	

Note: Effective December 1, 2010, the CABRE database has been made available to all existing CUSIP subscribers as a first step at no additional cost.

Observations & Request for Clarification

CGS is supportive of a commercial model that allows for a broad distribution of the UCI directory, with reasonable fees permitted for the issuance and maintenance of the records. However, we do seek clarification on what parties or participants the Commission sees paying these fees and how the Registration Authority would be able to collect the same in a timely and efficient manner. The proposed rule states that the UCI directory [must] “be available to all interested parties on a non-discriminatory, royalty-free, or reasonable royalty basis.” This seems to conflict with the requirement that a “current directory of UCI’s...must be available publicly and free of charge.”

Summary & Proposal:

CUSIP Global Service is committed to assisting global market participants in meeting its requirements for a robust, fully available and supportable UCI standard. As espoused above, we believe a clear advantage of the CABRE solution is that it meets all stated CFTC requirements, and more importantly, is tangible and already exists today. A vast majority of global Issuers and Distributors alike are already “connected” to the underlying CGS system. We believe this minimizes time-to-market, investment costs, and most importantly, helps market participants realize significant cost-savings much earlier than other options.

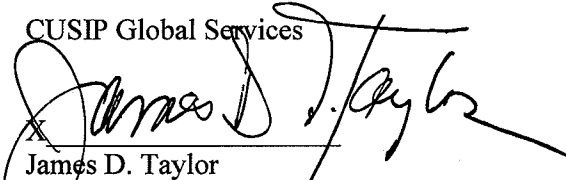
Moreover, we envision the CABRE as fully interoperable with the emerging (ISO) IGI standard. As discussed earlier, we believe the existing consortium of global NNA's are in the optimal position to work with market practitioners to develop and deploy an effective (IGI) solution more quickly than other options. CABRE / IGI fits this construct with precision, in much the same way that National instrument identifiers successfully fit into the global ISIN standard today to the benefit of global users, and represents a globally-acceptable, collaborative model.

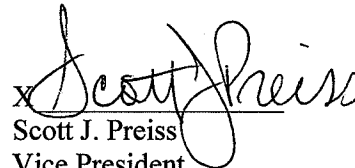
Other options we have been exposed to do not seem to fully appreciate the sustained investment that *maintenance* of an UCI solution will require. CGS's track record demonstrates alignment with our core competence, existing robust infrastructure and technical resources, and a commitment far beyond any initial investment.

CUSIP Global Services looks forward to continued industry dialogue on the development of a global standard UCI, and an opportunity to demonstrate why a CABRE &/or IGI approach is optimal to meeting the demands of the global capital markets.

Sincerely Yours,

CUSIP Global Services


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