

DERIVATIVES SERVICE BUREAU (DSB) LTD

Financial Data Transparency Act Joint Data Standards Rulemaking – RIN number 3038-AF43

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21 October 2024

Submitted Electronically

**RE: Financial Data Transparency Act
Joint Data Standards Rulemaking” and
RIN number 3038-AF43**

Chief Counsel’s Office
Attention: Comment Processing
**Office of the Comptroller of the
Currency**
400 7th Street SW, Suite 3E–218
Washington, DC 20219

Ann E. Misback
Secretary
**Board of Governors of the Federal
Reserve System**
20th Street and Constitution Avenue NW
Washington, DC 20551

James P. Sheesley,
Assistant Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

Melane Conyers-Ausbrooks
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314–3428

Derivatives Service Bureau (DSB) Ltd

Catherine Sutcliffe
Head of Regulatory Affairs
Randall House
6 Dowgate Hill
London, EC4R 2SU
United Kingdom

catherine.sutcliffe@anna-dsb.com

Legal Division Docket Manager,
**Consumer Financial Protection
Bureau**
1700 G Street NW,
Washington, DC 20552

Clinton Jones, General Counsel
Federal Housing Finance Agency
400 Seventh Street SW
Washington, DC 2021

Christopher Kirkpatrick
Secretary of the Commission
**Commodity Futures Trading
Commission**
Three Lafayette Centre
1155 21st Street NW
Washington, DC 20581

Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549–1090

Chief Counsel’s Office
Office of Financial Research
Department of the Treasury
717 14th Street NW
Washington, DC 20220

EXECUTIVE SUMMARY

1. **DSB welcomes the inclusion of the UPI and CFI in the Agencies' Proposed Rule:** The Derivatives Service Bureau (DSB), as the issuing agency and service provider for the UPI and CFI for OTC derivatives, welcomes the Financial Regulatory Agencies' inclusion of the UPI and CFI for the reporting of swaps and security-based swaps in the *Joint Rule Proposal to Establish Technical Data Reporting Standards* ('Proposed Rule') and is ready and willing to support both public authorities and market participants in their use of these identifiers.
2. **The majority of DSB Users access its identifiers and reference data for free:** The DSB is an industry utility operating on a cost-recovery basis in over 45 countries:
 - Over 75% of the 1,800 organisations which use the DSB are free users.
 - DSB's 'Registered User' option is free, allowing firms to search the GUI in real-time for UPIs and ISINs for OTC derivatives ('OTC ISINs').
 - File downloads of UPIs and OTC ISIN files are freely available on a T+1 and T+0 basis respectively.
3. **DSB provides an 'Authority' User Type with authorities granted permissions to access the data on a cost-free basis,** in line with the UPI Governance criteria.
4. **DSB offers the ISIN for OTC derivatives on the same terms as the UPI and CFI:** The UPI and CFI in conjunction with the ISIN for OTC derivatives ('OTC ISIN') form the International Organization for Standardization's (ISO) standards OTC derivatives framework. The DSB is the global issuer of the OTC ISIN which:
 - Is offered on the same, no licensing restriction terms as the UPI and CFI;
 - Has been designed in line with the **CPMI-IOSCO 2017 UPI Technical Guidance**¹ which states "the UPI could be leveraged to create other more granular derivatives identifiers for other purposes";
 - Is an instrument identifier, developed for market abuse detection and price transparency purposes;
 - Is complementary to the UPI and CFI.

Please see **SECTION 1.2** for an explanation of the ISO standard OTC derivatives framework.

5. **DSB's identifiers and reference data, including underliers, have no licensing restrictions:** UPIs, CFIs, OTC ISINs and their associated reference data have no licensing restrictions on usage and distribution for any purpose.
6. **DSB data shows that the ISIN is the predominant underlying instrument identifier for securities used by firms.** Firms can create/ retrieve UPIs using the following underlier instrument identifiers²: ISIN, SEDOL, CUSIP or FIGI. DSB data shows:
 - 98% of fee-paying UPI Users³ use the ISIN exclusively to create and search for UPIs.
 - 99.9% of UPIs with securities underliers have been created using the ISIN
 - Of the 353,271 UPIs created to date which have a securities underlier, only 284 have been created/retrieved using an alternative identifier (SEDOL, CUSIP or FIGI).
 - Of these 284 UPIs, 261 were created / retrieved by a SEDOL, 18 by a CUSIP and 5 by a FIGI.

Please see **SECTION 2** for further analysis of DSB data on industry use of ISIN versus other financial instrument identifiers.

¹ https://www.leiroc.org/publications/gls/roc_20170901.pdf

² The UPI requires identification of the underlier of the OTC derivative product. OTC derivatives with a security underlier (certain equity, credit and rates derivatives) are identified using an instrument identifier - the ISIN (as the primary underlier ID) and the SEDOL, CUSIP and FIGI (as alternative identifiers).

³ Fee-paying users are specified because they are permitted to create as well as search for UPIs.

I. Overview of the DSB, its identifiers and its approach

I.1 Introduction

The Derivatives Service Bureau⁴ (DSB) was founded by the Association of National Numbering Agencies (ANNA) in collaboration with the industry in 2015 and issues the following identifiers for **OTC derivatives**:

- International Securities Identification Numbers (ISINs) (ISO 6166)⁵;
- Unique Product Identifier (UPI) (ISO 4914)⁶;
- Classification of Financial Instruments (CFI) (ISO 10962)⁷; and
- Financial Instrument Short Names (FISN) (ISO 18774)⁸.

The ISIN, UPI, CFI and FISN are globally recognised and adopted **International Organization for Standardization (ISO) standards** for identifying, classifying and describing OTC derivatives. Each of these identifiers for OTC derivatives is available on an open license.

The DSB, as the issuing agency and service provider for the UPI and CFI for OTC derivatives, welcomes the Financial Regulatory Agencies' inclusion of the UPI and CFI for reporting of swaps and security-based swaps in the *Joint Rule Proposal to Establish Technical Data Reporting Standards* ('Proposed Rule') and is ready and willing to support both public authorities and market participants in their use of these identifiers.

I.2 The OTC derivatives identifier framework: CPMI-IOSCO

The OTC ISIN, UPI, CFI and FISN form the ISO framework for OTC derivatives identifiers⁹ and are designed to be complementary whilst having different levels of granularity. 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 risks.
- **OTC ISIN**: Instrument identification for market abuse detection and price transparency purposes.
- **FISN**: Provides short descriptions of essential information about financial instruments in a human-readable format, assigned concurrently with the CFI and ISIN.

This holistic framework has been designed in line with the **CPMI-IOSCO 2017 UPI Technical Guidance**¹⁰ which states that the UPI can be leveraged to create other more granular identifiers for other purposes.

"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.

⁴ <https://www.anna-dsb.com/>

⁵ <https://www.iso.org/standard/78502.html>

⁶ <https://www.iso.org/standard/80506.html>

⁷ <https://www.iso.org/standard/81140.html>

⁸ <https://www.iso.org/standard/66153.html>

⁹ <https://www.anna-dsb.com/wp-content/uploads/2023/08/DSB-The-OTC-Derivatives-Identifier-Framework-Explained.pdf>

¹⁰ https://www.leiroc.org/publications/gls/roc_20170901.pdf

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.¹¹

As the Proposed Rule recognises:

“The UPI and CFI are complementary identifiers and provide a taxonomic classification system for financial instruments. These identifiers are useful for aggregating data and increasing global transparency, which is beneficial in certain financial markets such as swaps, forwards, and non-listed options.” (page 27).

The ISIN for OTC derivatives (‘OTC ISIN’) issued by the DSB is also complementary to the UPI and CFI with the UPI a product-level identifier, and the OTC ISIN an instrument-level identifier. The OTC ISIN was developed with the CPMI IOSCO UPI Technical Guidance factored into its data attributes. In practice, this means that:

- the UPI dataset is a subset of the OTC ISIN dataset with the ‘parent’ UPI code included in the OTC ISIN record; and
- the CFI data set is common across both identifiers with the relevant CFI code included in both the UPI and OTC ISIN records.

The relationship between the identifiers is complementary with differing levels of granularity and the data elements encapsulated within the identifier, assuring data quality through embedded standardisation. Table I below provides a representation of the data elements for each identifier for a Single Currency Fixed Float Interest Rate Swap (IRS)¹²:

Table I: CFI, UPI and OTC ISIN data attributes for a Single Currency Fixed-Float IRS

Single Currency Fixed Float Interest Rate Swap (IRS)				
Attributes in Record	CFI	UPI	OTC ISIN	Example Values
ISIN Code	-	-	✓	EZGLM530HQ45
UPI Code	-	✓	✓	QZ0B7849XHTK
CFI Code	✓	✓	✓	SRCCSC
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 (Tenor)	✗	✗	✓	5 YEAR
Expiry Date	✗	✗	✓	23/01/2030

Example: data attributes of a CFI, UPI and OTC ISIN for a Single Currency Fixed-Float Interest Rate Swap

1.3 DSB’s Governance Principles

The Governance around the UPI is aligned to that of the LEI. The Financial Stability Board (FSB) designated (1) the DSB (in 2019) as the sole service provider for the future UPI System which includes operation of the UPI reference data library and (2) ISO as the international standards body for the development and maintenance of the UPI standard, ISO 4914. In 2020, the FSB transferred governance and oversight responsibilities to the Regulatory Oversight Committee (ROC) in relation to the UPI¹³. The ROC, a group of G20 financial markets regulators / public authorities, is an observer on the DSB Board.

¹¹ Page 3, section 1.2 https://www.leiroc.org/publications/gls/roc_20170901.pdf

¹² The ‘expiry date’ attribute is currently under review to improve the OTC ISIN’s suitability for the transparency use case.

¹³ <https://www.leiroc.org/>

The DSB and ROC have signed a Memorandum of Understanding (MOU)¹⁴ and the DSB follows key principles defined by the ISO, the ROC and the FSB governance frameworks, summarised in Table 2 below.

Table 2: Key governance principles to which DSB adheres

	PRINCIPLE	BRIEF DESCRIPTION
1	Cost Recovery	<ul style="list-style-type: none"> The numbering agency services for OTC ISINs and UPIs are provided on a cost-recovery basis Costs are allocated fairly among stakeholders
2	Unrestricted Data	<ul style="list-style-type: none"> OTC ISINs, UPIs, CFIs and their associated reference data have no licensing restrictions on usage and distribution for any purpose
3	Open Access	<ul style="list-style-type: none"> Access to the DSB archive for consumption of OTC ISINs, UPIs and associated reference data is available to all stakeholders
4	Economic Sustainability	<ul style="list-style-type: none"> The DSB funding model must be sustainable - lean, efficient, and reliable Where possible, the DSB levies fees through annual contracts that require payment in advance to provide more clarity in aligning fee levels with cost recovery
5	Equal Treatment	<ul style="list-style-type: none"> The DSB ensures parity and efficiency in delivery of services The DSB follows standardised processes and procedures for all users operating under the cost recovery service Common agreement in place ensuring equal treatment across all users Exceptions to terms are only introduced on the basis that they can be consistently applied across all users without imposing a risk on the DSB services
6	Separate Service Provision	<ul style="list-style-type: none"> Access to the services is not tied or bundled with any other service offered by the DSB Services are only offered under the condition, and to the extent that, separate services are offered and that it is not a condition for users to buy such other services

1.4 Collaborative approach: public authorities and industry

Collaboration is at the core of the DSB's approach.

The DSB meets on a monthly basis with the ROC's Committee on Derivatives Identifiers and Data Elements (CDIDE) which evaluates the adequacy of existing standards and protocols for the UPI (as well as the UTI, and CDE) in the light of the ROC's High-Level Principles set out in the ROC Charter and other principles adopted by the ROC that serve the broad public interest. In addition, the DSB participates in the ROC's Derivatives Data Elements Industry Representation Group (DDE- IRG) alongside other industry experts.

The DSB also operates three industry representation groups which provide stewardship to its Board of Directors:

- the **Product Committee** ('PC')¹⁵, which supports the evolution of the DSB's product definitions.
- the **Technology Advisory Committee** ('TAC')¹⁶, which guides the evolution of the DSB's technology and operations.
- the **Governance Advisory Committee** ('GAC')¹⁷, which advises on governance matters, including the subscription terms and policies, control frameworks such as threshold monitoring and considerations to the structure of the DSB's cost recovery fee model.

These committees are comprised of representatives of DSB user organisations, independent experts and regulatory observers. Members, along with minutes and charters, are listed on the DSB's website for transparency. The CFTC

¹⁴ <https://www.anna-dsb.com/roc-dsb-mou/>

¹⁵ <https://www.anna-dsb.com/product-committee/>

¹⁶ <https://www.anna-dsb.com/technology-advisory-committee/>

¹⁷ <https://www.anna-dsb.com/governance-advisory-committee/>

is an observer member of both the PC and the TAC and the DSB would welcome further observer members from the US Financial Regulatory Agencies on its committees, should that be of interest.

1.5 DSB Terms for third party data usage on open access and unrestricted bases

As noted under section 1.3 above, two key principles to which the DSB adheres are:

- **Unrestricted Data** with no licensing restrictions on usage and distribution for any purpose with regards to DSB identifiers and their associated reference data; and
- **Open Access** to the DSB archive for consumption of OTC ISINs, UPIs and associated reference data, with file downloads of UPIs and OTC ISIN files freely available on a T+1 and T+0 basis respectively.

When searching for, or creating, an OTC ISIN or UPI, a firm is required to identify the underlier of the OTC derivative product. The ISIN is used to identify the underlying security (debt, equity) for OTC derivatives that have a security underlier.

In line with the principles of unrestricted data and open access, the DSB entered an agreement with CUSIP Global Services (CGS) at the time of launching the OTC ISIN Service in 2018 to enable the use of US / CUSIP embedded ISINs (CGS ISINs) without end user licensing requirements. This agreement has been extended subsequently to the UPI Service.

The Third Party Data Terms¹⁸, published on the DSB website, permit end users to use CGS ISINs to identify underlying securities within the OTC ISIN and UPI records without a license, provided the CGS ISIN is not manipulated, extracted or stripped out for any purpose other than the identification of any associated OTC ISIN or UPI.

The remit of the DSB's Third Party Data terms successfully meet the use case for firms obtaining the OTC ISIN and UPI to fulfil their reporting obligations in G20 jurisdictions and have done so since 2018.

The DSB considers, therefore, that this approach provides a valid model for how arrangements with vendors of proprietary identifiers can be implemented to satisfy the regulatory use cases whilst enabling the continuation of widespread market practices (see Section 2 for analysis of ISIN usage) without causing major disruption or incurring additional costs. The consideration of alternate models can be included in any cost benefit analysis that is undertaken.

1.6 ISO 24165 Digital Token Identifier (DTI): UPI underlier

As noted in section 1.5, when searching for, or creating, a UPI or OTC ISIN a firm is required to identify the underlier of the OTC derivative product. Many of the underliers are based on ISO standards, for example, the underlying legal entities of Single Name CDS are identified using the LEI ISO 17442, the underlying currency pairs for FX derivatives are based on the ISO 4217 currency code.

With the expansion of crypto assets into the financial eco-system, the Digital Token Identifier (DTI) has been introduced as an underlier to the UPI and the OTC ISIN. The DTI¹⁹ is a global identification system for crypto and digital assets and is defined by the ISO 24165, published in September 2021. The purpose of the DTI is to provide a standardised and consistent way of identifying and referencing digital assets across different platforms, systems, and jurisdictions.

The DTI aligns with the open license criterion set out in the Proposed Rule and is governed under the ISO fair, reasonable, non-discriminatory and cost recovery principles. The DSB therefore suggests the Agencies consider its inclusion in its list of preferred identifiers.

¹⁸ <https://www.anna-dsb.com/dsb-third-party-data/>

¹⁹ <https://dtif.org/faqs/>

2. UPI Data Analysis: ISIN versus other instrument identifiers usage

2.1 Context: UPI primary and alternative underlier identifiers

When searching for, or creating, a UPI, a firm is required to identify the underlier of the OTC derivative product. The UPI defines a single Primary Underlier Identifier ('Primary ID') for each type of underlier to ensure the unique generation of a UPI. For OTC derivative that have a **security underlier** (equity or debt instrument), the ISIN is the Primary ID used to specify the underlying security. OTC derivatives with a security underlier include equity, credit and rates derivatives.

The CPMI-IOSCO UPI Technical Guidance states²⁰:

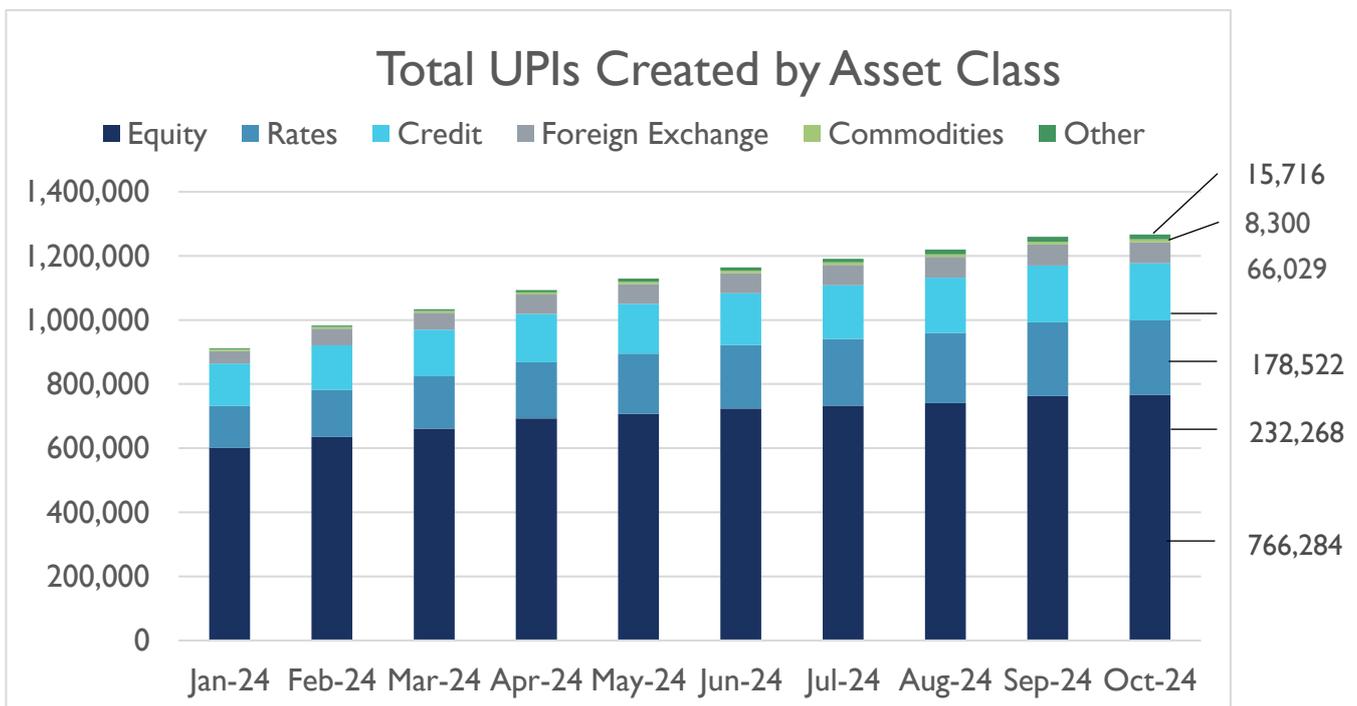
"...the UPI reference data library will need to accommodate multiple identifiers pertaining to the same underlying asset or benchmark if certain means of identification are required or preferred in one jurisdiction but those means are not allowed in other jurisdictions. Consistent with the principle of UPI uniqueness..., the use of different identifiers for the same underlier should not lead to the assignment of different UPI codes. Instead, the UPI reference data elements for a given UPI may need to include multiple identifiers pertaining to the given underlier in order to satisfy regulatory requirements relating to the identification of underliers in each jurisdiction where the UPI is used for reporting purposes."

The DSB offers an **Alternative Underlier Identifier ('Alt ID') feature** for its UPI Service, based on the CPMI-IOSCO UPI Technical Guidance. For OTC derivatives that have a security underlier, the DSB allows permitted firms to create and search for UPIs using the following underlier instrument identifiers:

- CUSIP/CINS
- FIGI
- SEDOL

The Alt ID feature is complementary to the use of the ISIN as the Primary ID and enables firms to utilise their existing workflows to obtain a UPI whilst the DSB ensures UPI uniqueness is maintained by mapping the Alt IDs to a Primary ID (i.e. to an ISIN). The below graph shows the number of UPIs created by asset class in 2024, with a total number of 1,267,119 UPIs as at the start of October 2024.

Figure 1: Total UPIs created by asset class in 2024



²⁰ https://www.leiroc.org/publications/gls/roc_20170901.pdf See page 18, Section 5 'Identifiers of Underliers'

2.2 Data Analysis: ISIN usage and alternative financial instrument identifiers usage

The DSB has extracted its data on use of Alternative IDs as at the start of October 2024. The Alt ID feature was introduced in 2023.

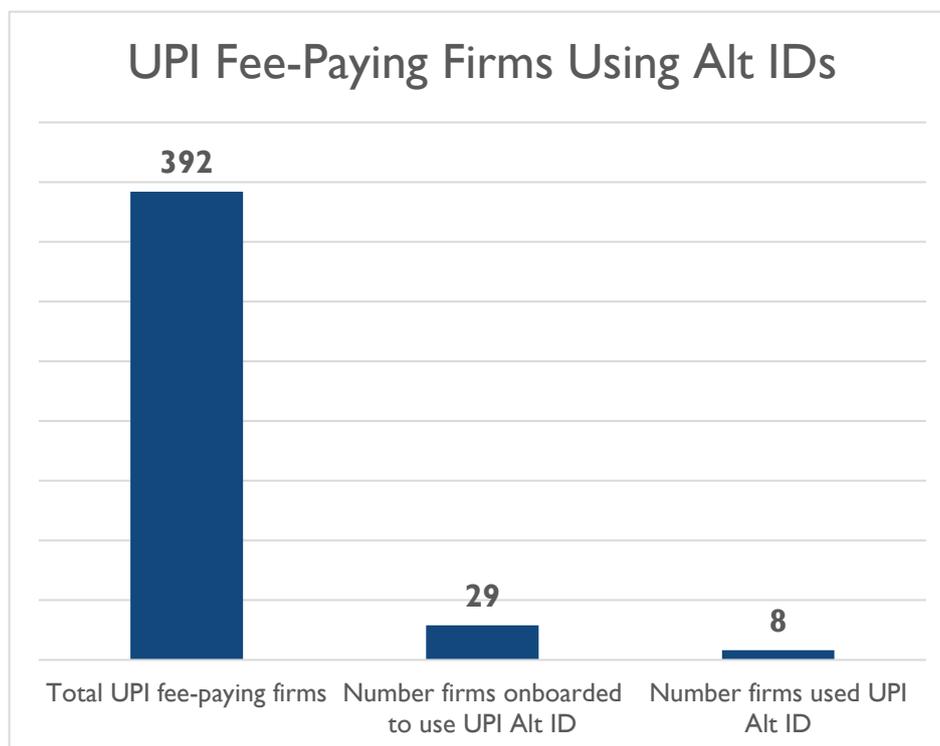
DSB's data demonstrates that the ISIN is by far the predominant underlying instrument identifier for securities used by firms:

- 98% of fee-paying UPI Users²¹ use the ISIN exclusively to create and search for UPIs
- 99.9% of UPIs with a security underlier have been created using the ISIN
- The FIGI is the most infrequently used alternative identifier with 1 UPI created and 4 existing UPIs retrieved using the FIGI

The DSB provides further granular analysis below showing:

- The total number of UPI fee-paying firms compared to the number of firms which have onboarded to use one or more of the Alt IDs and the number of firms onboarded which have actually used an Alt ID.
- The total number of UPIs with security underliers and the split between the number of these UPIs created using the ISIN compared to the number of these UPIs created/retrieved using an alternative identifier.
- The number of UPIs created using a SEDOL, CUSIP or FIGI (at specific Alt ID level)
- The number of existing UPIs retrieved by a SEDOL, CUSIP or FIGI (at specific Alt ID level).

Figure 2: Number of fee-paying firms²² using the Alt ID feature



²¹ Fee-paying users are specified because they are permitted to create as well as search for UPIs.

²² Of the 29 firms onboarded to the Alt ID feature, some have signed up to use multiple Alt IDs: 27 have signed up for the FIGI; 11 for the CUSIP and 8 for the SEDOL.

Figure 3: Number of UPIs created using an ISIN or Alt ID out of total number of UPIs with security underlier

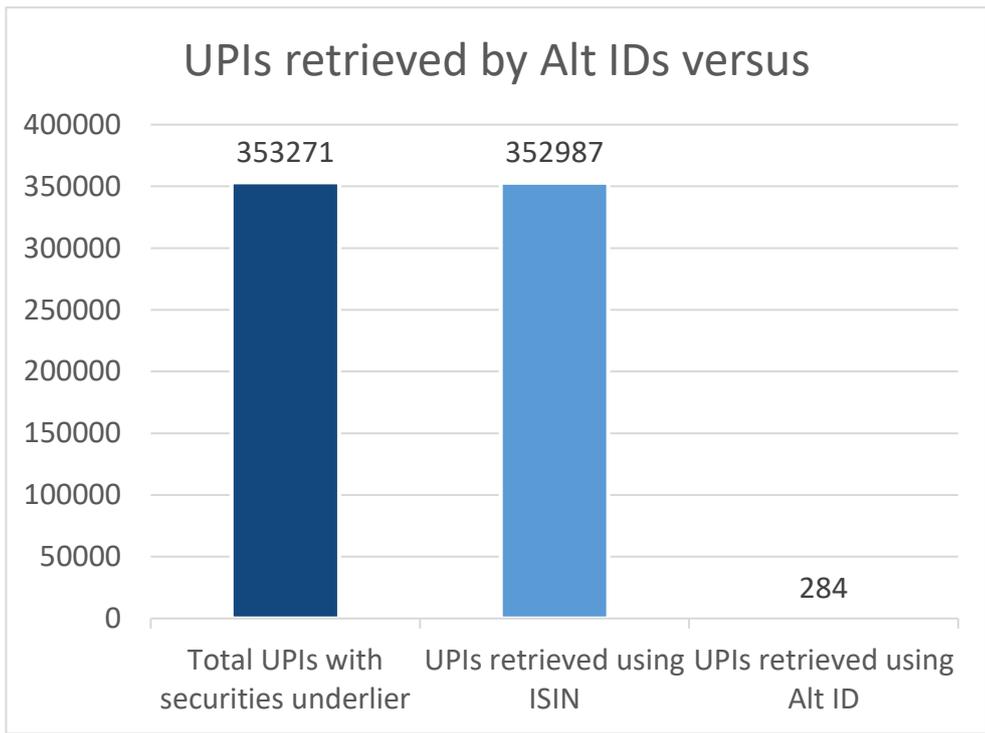
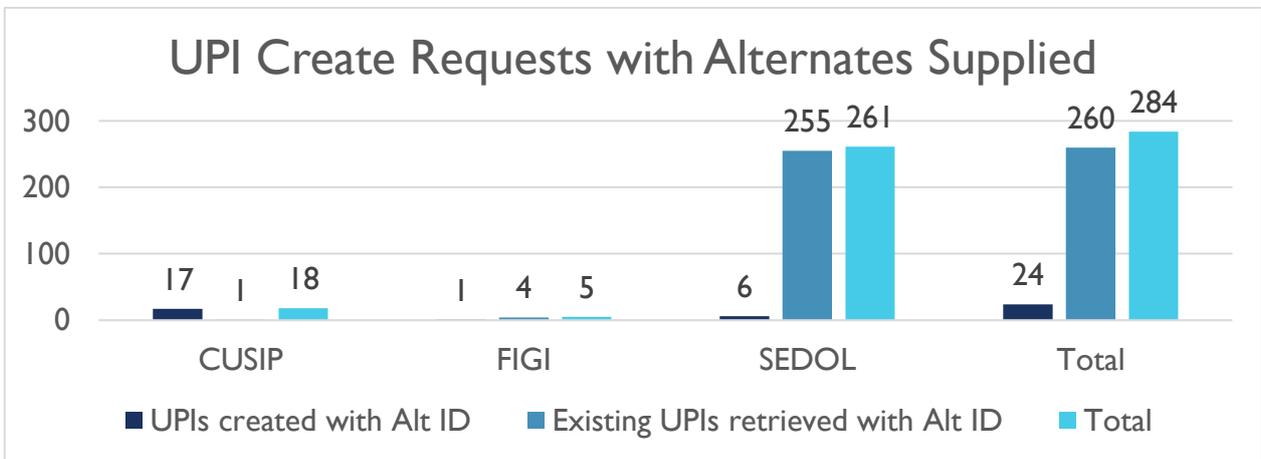


Figure 4: Number of UPI create/ retrieve requests with alternative ID supplied



3. Conclusion

The DSB welcomes the Financial Regulatory Agencies' inclusion of the UPI and CFI for reporting of swaps and security-based swaps in its Proposed Rule and asks the Agencies to consider inclusion of the OTC ISIN as the instrument identifier for OTC derivatives. The OTC ISIN is complementary to the CFI and UPI, part of the ISO standard OTC derivatives identifier framework and designed in line with CPMI-IOSCO's recommendations.

The DSB also suggests the Agencies consider the inclusion of the Digital Token Identifier (DTI) ISO 24165 in its list of preferred identifiers given the expansion of crypto and digital assets into the financial eco-system, the DTI's complementary relationship to other ISO standards, and its alignment with the open license criterion.

The DSB respectfully requests the US Financial Regulatory Agencies to consider the following three points before a financial instrument identifier is confirmed.

1. A transparent cost benefit analysis be undertaken. The DSB data on use of alternative identifiers for securities (Section 2 above) demonstrates that firms' integration and usage of securities identifiers other than the ISIN is minimal. The replacement of identifiers embedded in systems and regulatory reporting will entail costs and should be factored into a cost benefit analysis.
2. The principle of open license should be considered in all dimensions. The full reference data sets, as well as the identifiers themselves must be fit for purpose. Without the appropriate reference data set, industry (and regulators) will incur costs to obtain the full data set required for practical usage.
3. Exploration of arrangements with vendors of widely used identifiers (example in section 1.5 above) to meet the FDTA use case requirements, leveraging market conventions and integrated workflows. The cost benefit analysis and fit for purpose assessment can also be applied to this scenario.

The DSB remains at the disposal of the Agencies to assist with data driven analysis or any other contributions that they may deem useful. Please do not hesitate to contact us.