

DERIVATIVES SERVICE BUREAU

**GLOBAL DEVELOPMENTS IN OTC DERIVATIVES  
STANDARDISATION**

14 November 2024

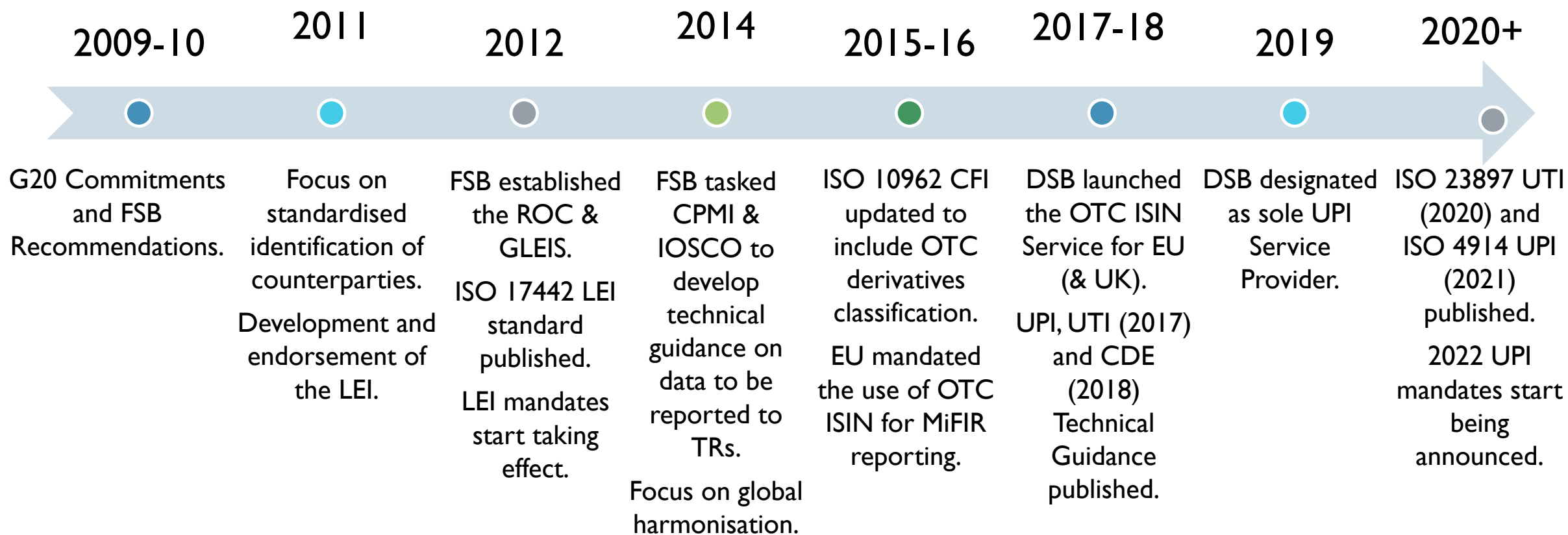
# CONTENTS



1. Background
2. UPI Update
3. Continued Developments

# BACKGROUND

# THE DRIVE FOR OTC DERIVATIVES STANDARDISATION



# THE DERIVATIVES SERVICE BUREAU (DSB)

The DSB was founded by the Association of National Numbering Agencies (ANNA) in collaboration with the industry in 2015.

The DSB issues the following identifiers for OTC derivatives:

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

The ISIN, UPI, CFI and FISN are globally recognised and adopted ISO standards for identifying, classifying and describing OTC derivatives.

## International Organisation for Standardisation (ISO)

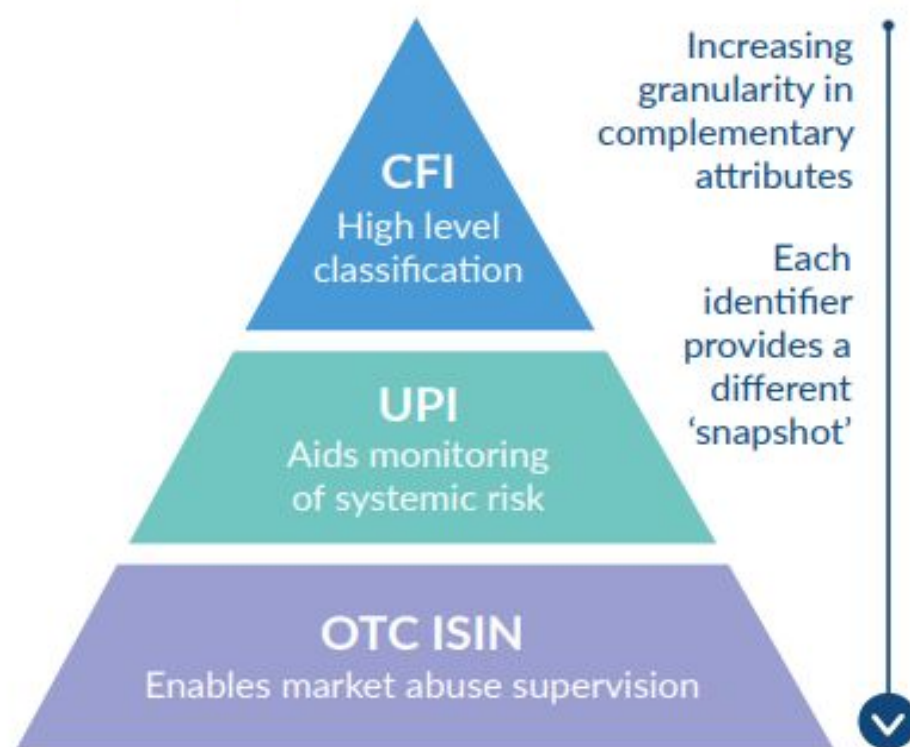
### ISO standards:

- are recognised and used around the world
- harmonise, enable interoperability, and bring efficiencies to stakeholders
- are created and maintained by the industry they serve
- are visible proof of the power of group commitment



# OTC DERIVATIVES IDENTIFIER FRAMEWORK

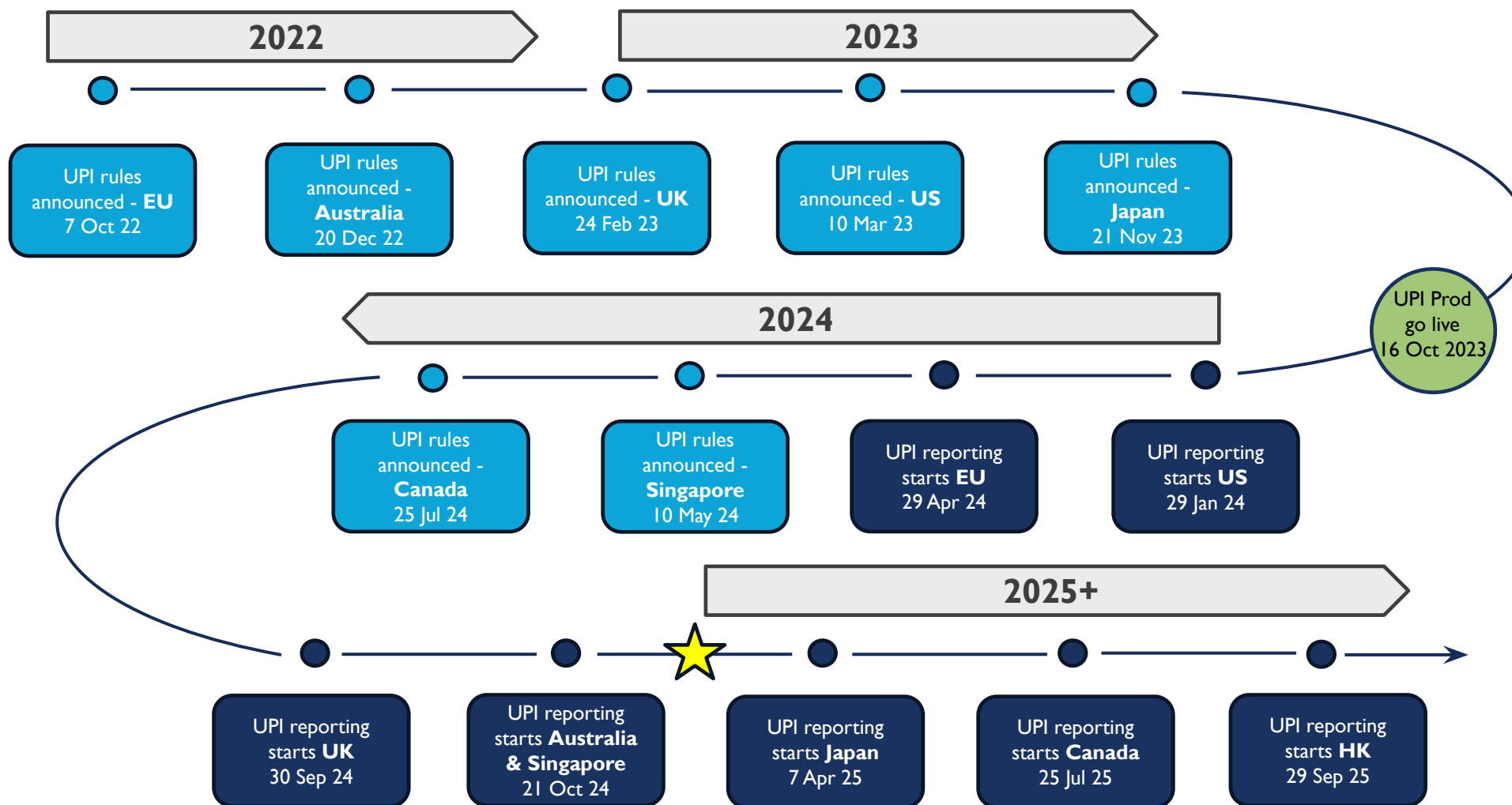
Three identifiers, each an ISO standard, are designed to be complementary whilst having different levels of granularity. The level of granularity depends on the purpose for which the identifier has been developed -



- ISO 10962 CFI - Classification of Financial Instruments
  - Provides a standardised way of classifying financial instruments for the purposes of reporting and categorisation.
  
- ISO 4914 UPI – Unique Product Identifier
  - Allows for aggregation of OTC derivatives transaction reports to help identify the build-up of systemic risks at a global level, identifying the OTC derivative at underlying product level.
  
- ISO 6166 ISIN – International Securities Identification Number
  - Used in transaction reporting to assist with the detection and investigation of market abuse.

# UPI UPDATE

# REGULATORY TIMELINE



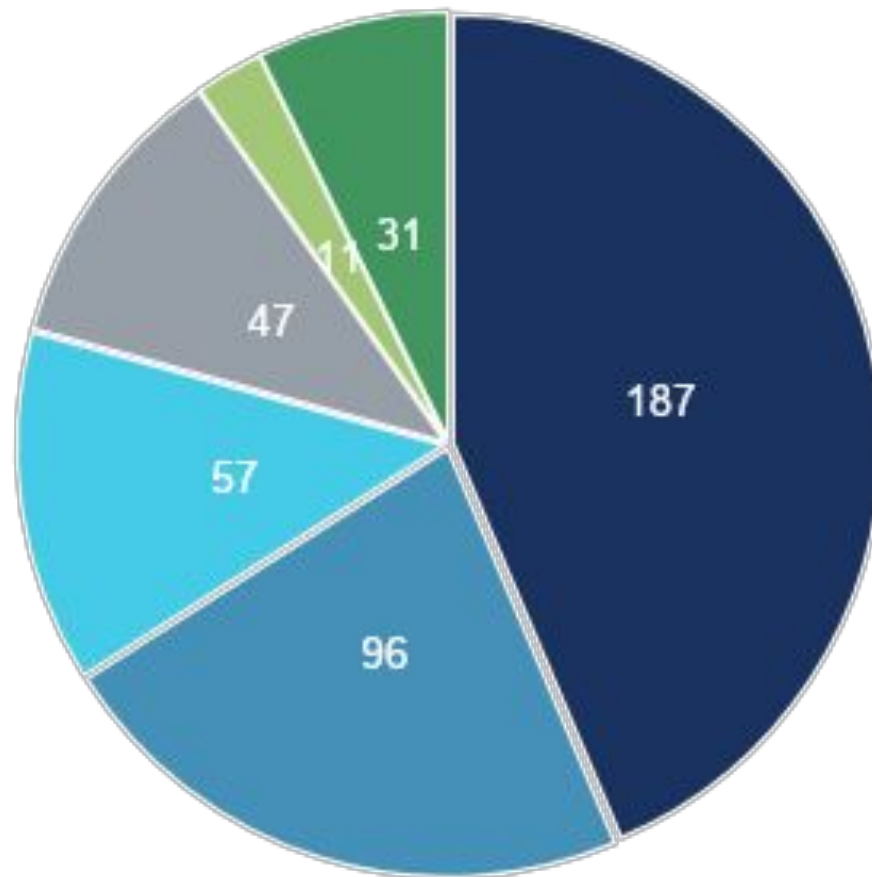
## Good to know

The DSB publishes a list of the UPI consultations and rules issued to date by the various jurisdictions on its website here: [Regulatory Use of the ISIN, UPI, CFI and FISN.](#)



# DSB UTILISATION - USER NUMBERS BY JURISDICTION

**Total: 429**  
**Total Registered Users: 1,454**



■ EU

■ USA

■ UK

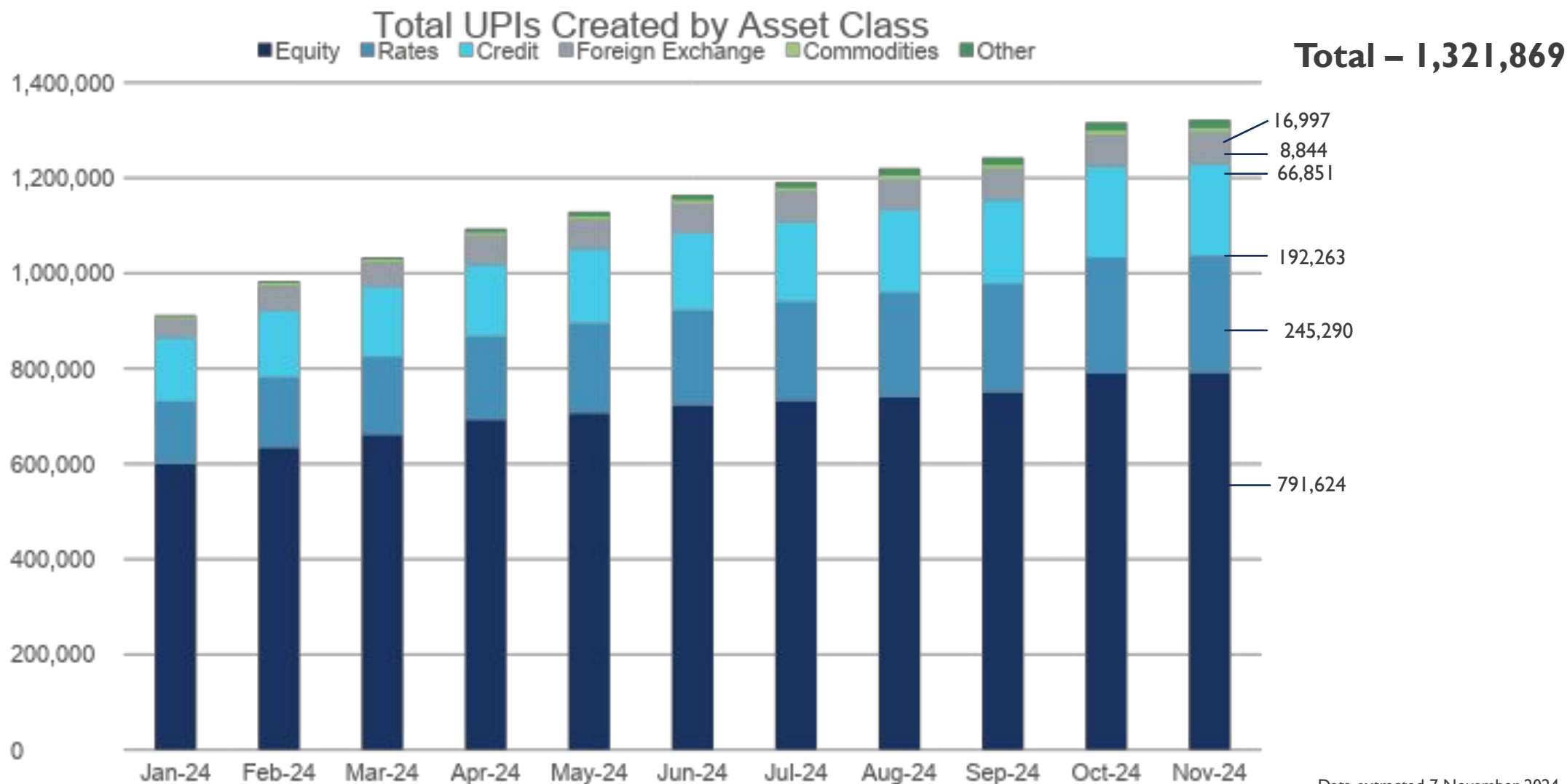
■ APAC

■ Canada

■ Other

Data extracted 7 November 2024

# DSB UTILISATION – UPI VOLUMES



Data extracted 7 November 2024

# CONTINUED DEVELOPMENTS

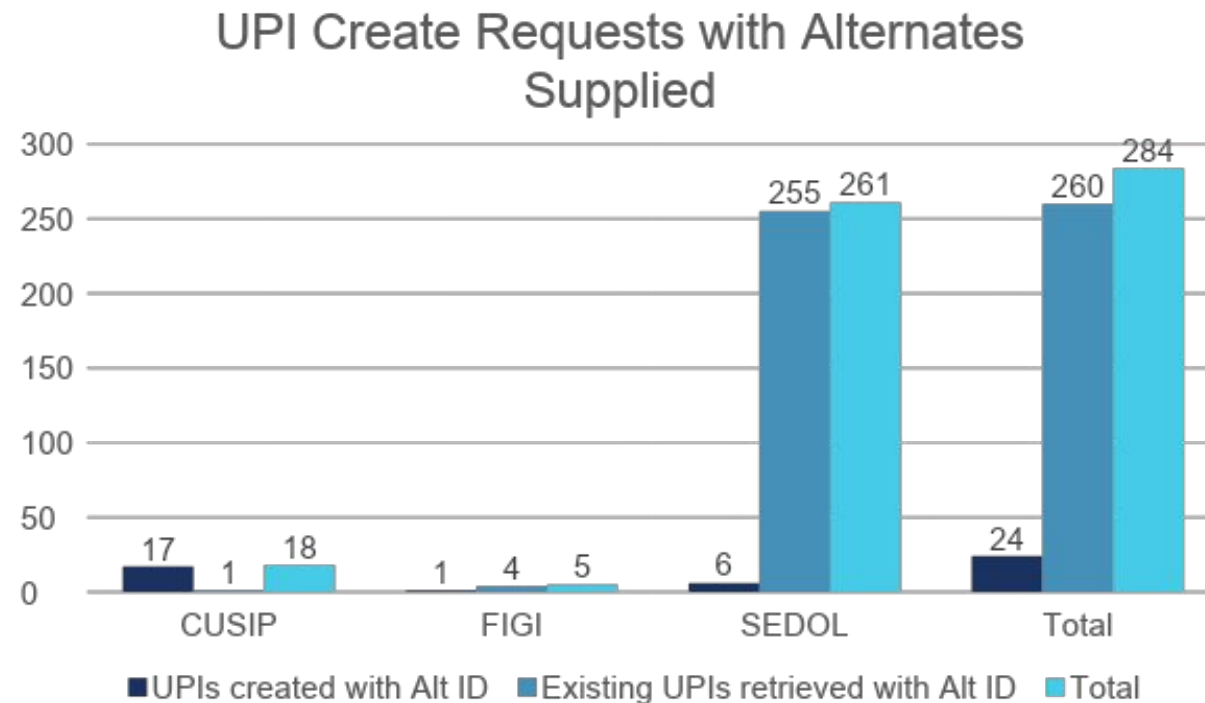
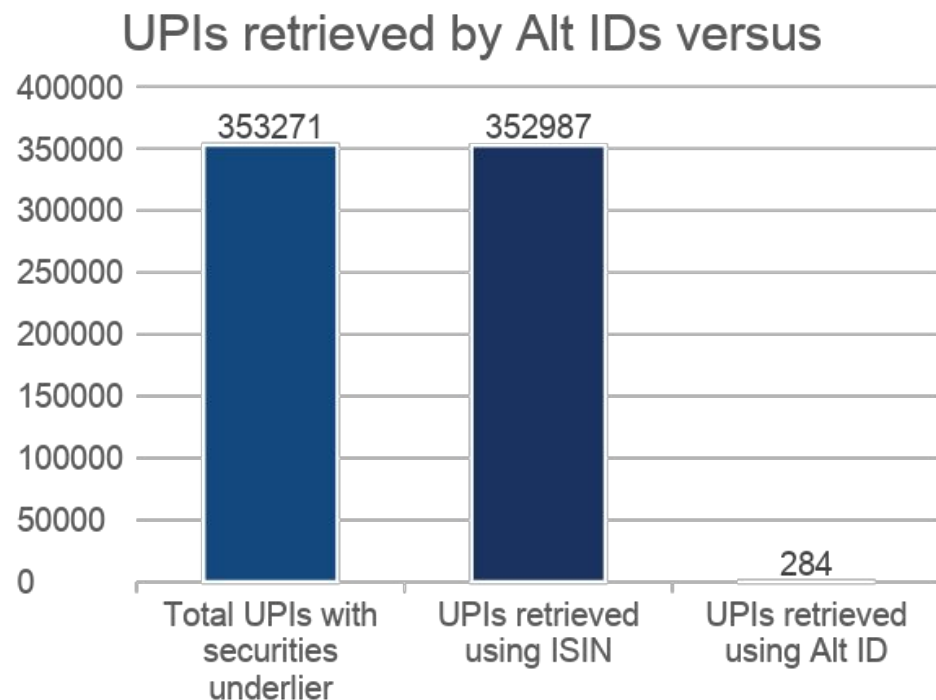
# TRANSPARENCY & TRANSACTION REPORTING – EU & UK



- The EC and the FCA have both been undertaking a MiFIR review of transparency reporting, including which identifier to use for OTC derivatives – OTC ISIN or UPI supplemented by additional data elements.
- Key factors for consideration are the use case, level of granularity required, aggregation requirements, data quality e.g. instrument versus product level identification.

	European Union			United Kingdom		
Regulatory Use Cases	MiFIR Review Transparency Reporting	MiFIR Review Transaction Reporting	EMIR ReFit Risk aggregation	UK MiFIR Transparency Reporting	UK MiFIR Transaction Reporting	UK EMIR ReFit Risk aggregation
Identifier	OTC ISIN	OTC ISIN	OTC ISIN + UPI	UPI	OTC ISIN	OTC ISIN + UPI
Status of Reviews	EC final rules expected Q1 2025.	N/A though EC has option to consult	N/A	Policy Statement published 5 Nov 2024 moving to UPI	FCA Discussion Paper expected Nov 2024	HMT review expected to commence from end of Q4 2024 onwards
	ESMA MiFIR Review consultations taking place throughout 2024 and 2025 on reference data, transparency and transaction reporting.					

# FINANCIAL DATA TRANSPARENCY ACT



- The identifier landscape is constantly evolving, most recently US authorities proposed the UPI and CFI for reporting of swaps and security-based swaps in the Proposed Rule
- The data the DSB holds shows which standards are most embedded in the financial ecosystem.

# OTC DERIVATIVE UNDERLIER IDENTIFIERS

- Identification of underliers are critical to data quality for derivatives. This includes financial and referential instruments e.g. equities, fixed income securities, reference rates, inflation rates, indices, currency pairs, commodities and digital assets
- DSB is working with stakeholders, through its industry representation groups, to ensure a reliable, consistent, and unique identifier for financial indices and related referential instruments. Initial focus was on equity indices, where ISIN will be used, and now focus will shift to the other asset classes.
- Similar activity has been undertaken with digital assets. Through working with stakeholders, the Digital Token Identifier (DTI) has been introduced as an underlier to the UPI and the OTC ISIN. Focus has now moved to classification.
- Collaboration amongst stakeholders is key.
- Complementary use of standards, leveraging synergies and bringing efficiencies to stakeholders.

# CFI SERVICE IMPLEMENTATION

- The DSB utilises the 2015 version of the ISO 10962 CFI standard, aligned with market practice based on EU and UK regulatory requirements.
- Significant analysis has been undertaken to consider the change and development required to transition to the latest version of the standard, as well as consider the development needs for future revisions.
- The original plan, which included updating existing OTC ISIN and UPI records with the latest CFI version, required an 18-month delivery period for each revision. To reduce the implementation timeline for future revisions, stakeholder feedback was considered, and a new CFI Service approach was approved.
- The CFI Service will separate the CFI code derivation from the core identifier system, simplifying the maintenance required when adopting a new revision of the CFI standard. The CFI Service will be integrated with the OTC ISIN and UPI Services and will update existing and new OTC ISINs and UPIs to include two CFI Codes, without the need to update the existing record to ensure minimal impact to users and no migration required.
- Future iterations of the CFI standard will be implemented in 1-2 months using the CFI Service.
- The CFI Service was delivered in UAT on 26 October 2024 and is scheduled for launch into production 26 January 2025.

## ISO Standards: The Global Market Language

Recognized and used around the world. Harmonizing the full lifecycle of investments for investors and financial firms. Created and maintained by the industry they serve. ISO financial standards are visible proof of the power of group commitment.

**One global language opens a world of possibilities.**



# Thank you!