

**Association of National Numbering
Agencies BV/SRL**

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European Commission
DG FISMA

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Topic: European Commission's Draft Delegated Regulation as regards OTC derivatives identifying reference data to be used for the purposes of the transparency requirements laid down in Article 8a(2), and Articles 10 and 21 of that Regulation

Dear DG FISMA

The Association of National Numbering Agencies (ANNA)¹ welcomes the European Commission's (EC) Draft Delegated Regulation as regards OTC derivatives identifying reference data² ('the Draft DA') and is supportive of the EC's proposal to modify the International Securities Identification Numbers (ISIN - ISO 6166) for OTC derivatives.

By way of introduction, ANNA and its member National Numbering Agencies (NNAs) comprising more than 120 key market infrastructures, such as Stock Exchanges, CSDs, Central Banks, Data Vendors and Regulatory Bodies, are active contributors to the development, adoption, promotion and implementation of global financial standards. NNAs allocate International Securities Identification Numbers (ISIN - ISO 6166), Classification of Financial Instruments (CFI - ISO 10962) and Financial Instrument Short Names (FISN - ISO 18774) for more than 200 jurisdictions. Additionally, under the auspices of the International Organization for Standardization (ISO), ANNA is the Registration Authority for the ISIN and the FISN and established the Derivatives Service Bureau (DSB) Ltd³, an ANNA subsidiary, for the assignment of ISIN, CFI and FISN to OTC derivatives. The DSB is also designated by the Financial Stability Board as the Unique Product Identifier (UPI – ISO 4914) Service Provider for the UPI System, overseen by the Regulatory Oversight Committee.

ANNA and the DSB support the global adoption, implementation, and use of ISO standards which are globally recognised and subject to a proven governance framework to ensure they evolve in line with user requirements.

1. Data quality and useability

ANNA welcomes the EC's proposal which addresses the main disadvantage with the ISIN implementation: the inclusion of the expiry date, resulting in the daily issuance of new ISINs for instruments which are otherwise the same. This point has been a reoccurring theme since the development of the ISIN as the OTC derivative instrument identifier, before the transparency use case was raised.

¹ <https://anna-web.org/>

² https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/14017-Over-the-counter-OTC-derivatives-identifying-reference-data-for-the-purpose-of-public-transparency_en

³ <https://www.anna-dsb.com/>

With the draft DA the EC is therefore addressing this longstanding concern about the inclusion of the expiry date and improving the usability of the OTC ISIN by aligning with market convention so it meets the transparency use case, thereby also reducing the complexity and reporting burden for firms. Equally, through requiring modifications to the ISIN, the changes are wrapped within the identifier which reduces the reporting burden as firms will continue to ingest the ISIN and improves data accuracy.

2. Alignment with global standards

ANNA further welcomes the EC's approach to modifying the ISIN whilst maintaining the alignment between the OTC ISIN and the UPI through retention of the OTC ISIN's existing attributes in fields 1 to 15. The holistic design of the standards – ISIN, UPI and CFI - is the result of deliberate and careful collaboration by authorities and industry. The ISIN for OTC derivatives was developed with the [CPMI IOSCO UPI Technical Guidance](#)⁴ factored into the required data attributes, supplemented with MiFIR II requirements. Therefore, the ISIN for OTC derivatives was designed to align with the UPI from the outset.

In particular, the UPI Technical Guidance specifies that the UPI could be leveraged to create other more granular identifiers for other purposes, without hindering the use of the UPI as defined for the reporting of OTC derivative transactions to trade repositories and global aggregation -

“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. 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.”⁵

On this basis, the UPI reference data is a subset of the ISIN reference data, and the CFI is common across both identifiers. The corresponding - or 'parent' - UPI code is always included in the OTC ISIN record, meeting the EC's requirement for *“the inclusion of the ISO 4914 Unique Product Identifier (UPI) code among the ISIN product attributes to enable the aggregation of data across global OTC derivatives markets”* (page 2, draft DA).

Given the importance the EC places on global alignment, ANNA also take notes of fields 20 to 23 (for day-count convention and payment frequency) which are critical data elements (CDE) defined in the Regulatory Oversight Committee's (ROC) Revised CDE Technical Guidance⁶. It is worth noting that the ROC also has governance and oversight responsibilities in relation to the UPI⁷. Consequently, fields 20 to 23, like the UPI, are already standardised and supported by the G20 and maintained by the ROC, having been identified as important elements.

⁴ <https://www.bis.org/cpmi/publ/d169.pdf>

⁵ Page 3, section 1.2, https://www.leiroc.org/publications/gls/roc_20170901.pdf

⁶ https://www.leiroc.org/publications/gls/roc_20230929.pdf

⁷ The Financial Stability Board transferred these responsibilities to the ROC 2020.

3. Implementation

With respect to the ISO 6166 ISIN standard itself, no ISO development time is required as no change is needed to the standard. The ISIN standard does not specify the implementation for OTC derivatives: This is the responsibility of ANNA, as the Registration Authority and the DSB, as the numbering agency, through its governance process, utilising the DSB Product Committee. The [DSB Product Committee](#)⁸ oversees the definitions of OTC derivatives identifiers and how they translate into data requirements. It is comprised of market participants and regulatory observers.

Given the ISIN is an international standard used in different jurisdictions, it needs to be jurisdiction agnostic. Today, the ISIN is the instrument identifier used for EU and UK regulatory reporting across all regimes and asset classes. ANNA and the DSB will work, therefore, closely with National Competent Authorities (NCAs) as well as market participants to ensure that whilst the transparency use case is met through the specifications of the EC's DA, the supervisory functions and technical implementation impact on NCAs are also understood and mitigated to avoid unintended consequences.

Thank you for the opportunity to provide feedback on this key topic. Do not hesitate to contact me if you wish to further discuss any aspects of our response.

Kind regards

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⁸ <https://www.anna-dsb.com/product-committee/>