

Stockholm, 9 January 2024

## **Swedish Securities Market Association (SSMA) response to EC consultation on the unique product identifier for public transparency in OTC derivatives transactions**

SSMA welcomes the opportunity to respond to this consultation. For clarity our response is based on some assumptions and if these are not correct, we might have a different view.

First, we assume that the proposal is only for Mifid transparency reporting. Second, the proposed changes will not change the current constituents for instrument identifiers used for transaction reporting. Third, the proposed new fields will be new extra fields that can be reported separately, which will leave the existing identifiers intact from a technical reporting perspective.

SSMA also want to take the opportunity to express that we would like to see a more general long-term plan on how to develop and simplify reporting across all different legal frameworks. We think much efficiency and cost saving could be achieved by harmonizing reporting standards for all different reporting mechanisms.

**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:

SSMA is of the opinion that new fields are needed for this option to work as intended. There could be need for more or other fields than the two suggested. This should be analysed further, and potential other fields could for example be expiration date or spread. It should also be investigated if it is possible to derive the necessary fields from the existing Mifid and Emir reporting. If not SSMA believes adding

new fields to a UPI+ version is the least complex alternative. New fields should be added as new extra fields and not replacing or changing existing fields.

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:

From experience all regulatory changes and updates especially for reporting will lead to high implementation costs. There are usually several connected systems and routines that need to be updated and integrated to work properly. More complex changes will lead to higher implementation costs. SSMA therefore think it is important to have changes with the least technical impact to keep the costs as low as possible i.e., in this case optional extra fields in a UPI+.

SSMA also sees potential difficulties with this change related to other areas. How will this be implemented in other legal frameworks such as EMIR and TRS reporting? Will EU implement something different than US and UK? There is a risk that we get into a situation where the same instrument needs to have different identifiers for different purposes. It is important that this change do not affect other reporting mechanisms and is only for Mifid transparency.

**Question 3.** If you prefer option 2:

SSMA prefer option 1.

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:

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:

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:

**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

SSMA thinks it should be evaluated if it is possible to derive the relevant data from existing reporting instead of doing the suggested changes. Otherwise, new fields are needed. We also do not want duplicate attributes for the same instrument and any changes should be aligned with other jurisdictions. Initiatives should also be taken to address the problem with creation of too many identifiers. There are for example many unnecessary ISINs created today.

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