

Unique Trade Identifier (UTI): Q&A

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Why do we need a UTI?

The UTI is the Unique Trade Identifier – required for the transaction reporting under EMIR. ESMA imposes both parties on a derivative transaction to report, and in order to avoid duplication, both parties – prior to reporting – must “pair” the transaction and exchange /report a unique identifier that will be the matching key and allow ESMA to aggregate and compare the data.

ESMA imposes the use of the UTI in the Technical Standards for reporting to a trade repository (p57) “ESMA believes that in order to effectively match counterparties to a contract, a Unique Trade Identifier (UTI) should be reported with each counterparty to allow for pairing contracts. This will be particularly relevant when counterparties are reporting to two different TRs.

Therefore, in order to have a trade ID on time for the implementation of EMIR reporting, ESMA has taken the view that it should be the responsibility of the counterparties to a contract to generate a UTI which will enable aggregation and comparison of data across TRs. “

The UTI will be reported in the common data – field 8 trade id :

A Unique Trade ID agreed at the European level, which is provided by the reporting counterparty. If there is no unique trade ID in place, a unique code should be generated and agreed with the other counterparty

UTI vs USI?

This concept of UTI is quite similar to the USI (Unique Swap Identifier) which is required for CFTC reporting (US Dodd-Frank regulation), but is nevertheless more complicated as – under EMIR – both parties report whereas for CFTC the USI is issued by the reporting party on the transaction.

On which transactions?

All reportable transactions must have a UTI – thus

- or all new transactions as from reporting start date a UTI must be generated by one of the parties and communicated to the other party
- There is also a need to exchange UTI on the “historical” transactions (transactions that were live on or concluded on or after 16/08/2012) and that are still outstanding on reporting start date.

ESMA did not yet impose UTI on the historical transactions that were live on, concluded on or after 16/08/2012 and are terminated on reporting start date as the backloading of these trades will be conducted in a later stage still tbd (ESMA provides 3 y period).



Regulation

EMIR

Summary

The UTI is required for the transaction reporting under EMIR

1. A Unique Trade Identifier (UTI) should be reported with each counterparty to allow for pairing contracts
2. It should be the responsibility of the counterparties to a contract, to generate a UTI which will enable aggregation and comparison of data across TRs
3. The UTI will be reported in the common data – field 8 trade id: If there is no unique trade ID in place, a unique code should be generated and agreed with the other counterparty

Topics

- UTI vs USI?
- On which transactions?
- What does it look like?
- Who generates the UTI?
- How will UTI be communicated?
- Can a UTI be amended?
- What happens on the reporting if there is no UTI agreed at the reporting cut-off time?

Contact

If you wish to discuss further, please contact the BNP Paribas European Regulatory Reforms team (Regreform.eu@uk.bnpparibas.com) or your BNP Paribas Relationship Manager or Sales Representative.



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What does it look like?

ESMA insists on the uniqueness and only imposes the following format : "Up to 52 alphanumeric digits"

Industry best practice follows the ISDA "Unique Trade Identifier (UTI): Generation, Communication and Matching" Whitepaper - available for viewing and downloading from ISDA's website: <http://www2.isda.org/functional-areas/technology-infrastructure/data-and-reporting/>

In order to ensure uniqueness across all reportable transactions, a Unique Trade Identifier (UTI) is comprised of two parts:

1. a 10 character UTI Prefix - unique to the party generating the UTI (either the CFTC USI namespace - if this is available, either the characters 7-16 of the LEI)
2. Transaction Identifier - max 42 characters long

For entities such as BNPP SA where we have a CFTC USI namespace, this reference will be used as the UTI Prefix i.e. 1030247694. As transaction reference - in order to make sure there is uniqueness- we mention the system that issues the reference, and our own transaction reference. The transaction identifier will have max 42 characters.

Example of UTI issued by BNPP SA on FX transaction : 1030247694FI-FX0-4439710301 or 1030247694FI-INFINITY-33250321

For entities such as BNPP Fortis where we do not have a CFTC USI namespace, we use the characters 7-16 of the LEI. E.g. BNPP Fortis LEI is KGCEPHLVKVRZY01T647 so the UTI Prefix will be LVVKVRZY01

Example of a UTI issued by BNPP Fortis on the same FX transaction : LVVKVRZY01FI-FX0-4439710301

This is currently under discussion with ESMA.

Who generates the UTI?

For all new transactions as from reporting start date, we will follow the industry best practices in the following order :

- If the transaction is also CFTC reportable and has a USI, BNPP will use this USI as UTI (not applicable for Commodities - where we will generate our own EMIR UTI)
- If the transaction is executed on a central platform, of up-front affirmed (ex on DS Match, on Markitwire) and if a UTI can be generated and communicated by the platform BNPP will use this reference as UTI
- If it is a single sided submission for EMIR (the counterparty on the transaction is exempt or is non EU /US) : BNPP will generate the UTI (for Commodities we will generate the UTI if the counterparty on the transaction is exempt or is non EU)
- If we are reporting on behalf, and the transaction has no UTI issued by a platform, BNPP will issue the UTI on the transaction
- If you are NFC, BNPP will generate the UTI *. We apply this logic because in most cases BNPP will also generate the confirmation for these transactions, and

this will allow to exchange the UTI in the most appropriate way. Should you nevertheless want to opt for asset class specific tiebreaker logic please let us know.

*Not yet applicable for Equity transactions - for which BNPP will follow tiebreaker rule

- For all other transactions, we will apply asset class specific tiebreaker logic as described in ISDA Whitepaper.
 - If required, BNPP will have the possibility to override the UTI generation logic *, and we suggest to follow the logic of confirmation generation (ex if BNPP is generating the confirmation for a certain asset class, we propose you to require BNPP to issue the UTI for this same asset class).
- *Not yet applicable for Equity transactions - for which BNPP will follow tiebreaker rule

Some examples :

FX - For Options, the UTI Generating Party is the seller of the option.

Credit - Where floating rate payer (seller) can be identified - then float rate payer will determine UTI.

Rates - For a Fix-Float IRS the payer of fixed will determine UTI.

Prime Brokerage- the Executing Dealer is the UTI generator for the ED/PB leg, while the Prime Broker is the UTI generator for the Client/PB leg.

As mentioned earlier, we also need a UTI on the "historical" transactions (transactions that were live on or concluded on or after 16/08/2012) and that are still outstanding on reporting start date. We will apply the same logic in order to be able to backload the live transactions to the trade repository.

How will UTI be communicated?

UTI generation and communication should occur at the earliest possible point in the trade flow and by electronic means. If no electronic means are available, BNPP will communicate the UTI via exchange of the paper confirm and through reconciliation reporting, if applicable.

Please refer to the ISDA Whitepaper where the trade workflows are explained.

Re SWIFT confirmed FX derivatives, if we are UTI generating party and if the trade is SWIFT confirmable , as from EMIR reporting start date we will use the UTI specific fields SWIFT will integrate in the new release 11/2013 (we do not use the temporary solution through field 72)

We will complete the following fields:

22L - Reporting Jurisdiction

22M - UTI Namespace

22N - UTI



Can a UTI be amended?

A UTI cannot be “amended” or “modified” : error in the UTI field will result in cancel/new transaction. The UTI will **remain on the OTC** derivatives transaction all along the lifecycle of the transaction, although certain events that result in a change to the legal parties of a transaction will require a new UTI to be generated.

The ISDA UTI Whitepaper contains a table that clarifies which events result in creation of new UTI. This is still under discussion with ESMA.

What happens on the reporting if there is no UTI agreed at the reporting cut-off time?

If there is no agreed UTI at point of submission then BNPP will submit the trade to DTCC using BNPP **own reference populated in the Trade Party 1 Transaction ID field**. Once a USI/UTI is agreed then a BNPP will update the report and add the UTI field. Even if no UTI/USI DTCC will still submit our reporting to ESMA.

This is still under discussion with ESMA

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