Unique Trade Identifier (UTI): Generation, Communication and Matching

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1 Document Scope

To be compliant with regulation, counterparties need to report using a common identifier. This paper follows as closely as possible the findings communicated in ISDA’s “Unique Swap Identifier (USI): An Overview Document” of June 7, 2012 [http://www2.isda.org/attachment/NDQ1Nw==/USI%20Overview%20Document%20final%20version.pdf](http://www2.isda.org/attachment/NDQ1Nw==/USI%20Overview%20Document%20final%20version.pdf)

This document focuses primarily on OTC flows. ETD transactions are addressed by the FOA, and this paper will seek to align with those where possible.

NOTE: This is intended to be a living document, thus is subject to change in accordance with the discussions and views of the industry participants and evolving trading standards and practices. As such, parties should refer to the latest version of the document.

2 UTI – Key Principles

The following principles were captured during workshops in relation to the generation, communication and matching of the UTI.

1. This paper outlines best practices to be followed by market participants, unless otherwise negotiated between Parties.

2. All trades should have a Unique Trade Identifier (UTI) which is generated, communicated and then matched.

3. If a trade requires a Unique Swap Identifier (USI), this should be used as the UTI.

4. UTI generation, communication and matching should occur at the earliest possible point in the trade flow. The list below is ordered in preference:

   - Centrally executed trades – reference is generated and communicated at the point of execution on a platform that can generate a UTI and ensure its uniqueness.
   - Up-front affirmed – reference is generated and communicated at the point of submission.
   - Back-end confirmation matched (post-trade) – reference is generated at submission and communicated at point of matching.
   - Paper trades – unless otherwise communicated, a reference is generated by individual firms who share via paper and update their reporting to reference the UTI for the trade once agreed by counterparties.

5. In general for Prime Brokerage, the ED is the UTI generator for the ED/PB leg, while the PB is the UTI generator for the Client/PB leg.

6. To communicate the UTI, if electronic means are available, Parties should communicate the UTI using the affirmation or matching platform. If no electronic means are available, then Parties should first look to communicate the UTI through trade recap via email or voice, and if this is not possible, then through intraday or EOD reconciliation reporting. Otherwise,
communicate via exchange of the paper confirm, if applicable. In instances where there is an electronic trade affirmation process (email, xls, csv, etc), Parties should agree the UTI electronically as part of this trade affirmation process. For the avoidance of doubt, the best practice of affirming the UTI and UTI Generating Party via this affirmation process does not replace the need to exchange the UTI on the confirmation.

7 If Parties do not have a UTI at time of reporting, they should report using their own trade reference until a UTI is agreed, at which time they update and report with the agreed, final UTI.

8 Determination of who defines the UTI for paper trades should follow existing industry best practices for that asset class. Below are some examples; further detail for each asset class is available in Appendix 6.3 “Determination of the UTI Generating Party.” For trades where the UTI Generating Party (GP) is unclear, the Parties can agree bilaterally on who will be the UTI GP.

- 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.
- Equities - Seller of performance on any product in the taxonomy will determine UTI.

9 In respect of reporting obligations, the illustrating cases given show both Parties as Principal to the trade (and are therefore subject to reporting).
3 Unique Trade Identifier (UTI) Construct

3.1 Background summary

Industry groups have strived to find a unified solution for the prefix portion of the UTI for non-CFTC registered reporting counterparties. Although the preferred approach was use of the 20 character Legal Entity Identifier (LEI), it emerged during industry discussions that many FX systems were designed to accommodate up to, and including, a 10 character prefix, and could not easily or readily changed. Industry groups examined many alternatives in order to find a solution which would work across all asset classes, and agreed on the one outlined in this section.

The Global LEI System\(^1\) is being used as a foundation for this 10 character UTI prefix solution. Characters 7-18 form the alphanumeric, randomly generated\(^2\) entity-specific portion of the 20 character global LEI number allocation scheme. The first 10 characters, characters 7-16, of this entity-specific portion should thus be used as the UTI prefix in line with the construct and waterfall described below.

3.2 Construct

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

1. a UTI Prefix that is unique to the party generating the UTI; and
2. a Transaction Identifier

Provided the UTI Generating Party (GP) ensures it always issues a new Transaction Identifier in relation to their UTI Prefix, each UTI value in the industry should be unique. In order to ensure each party has a reserved UTI Prefix, the industry has agreed the following approach for each UTI Generating Party to determine their UTI Prefix.

Since the USI Namespace is only available to those who register with the CFTC\(^3\), not all trading counterparties are going to have one. Counterparties should first look to use the CFTC USI Namespace, or any other Namespace which a regulator may have mandated should be part of reporting, as the UTI prefix. If a Party has neither, and needs to generate a UTI for global reporting, use characters 7-16 of the global LEI as the 10 character UTI prefix. The current LEI ROC number allocation scheme allows for the 10 characters to contain numbers (0-9) or capital letters (A-Z), which results in 36 possible options for each of the ten characters. The total number of possible 10 character combinations is therefore \(36^{10}\), or 3.66 quadrillion. If the market were to estimate a universe of 500,000 LEIs, this would indicate an approximate 1 in 7.3 billion chance of a collision (e.g. \(\{(36^{10})/500,000\}\)). In addition, DTCC has agreed to implement a “collision check” on a periodic basis (e.g. weekly) against a consolidated file which includes all operational LOUs, to verify uniqueness of characters 7-16.

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\(^2\) International Organization for Standardization, "ISO 17442:2012 Financial services – Legal Entity Identifier (LEI)”
http://www.iso.org/iso/home/search.htm?qt=17442&sort=rel&type=simple&published=on
\(^3\) For CFTC specifications on USI Namespace, refer to "Unique Swap Identifier (USI) Data Standard” 1 October 2012.
http://www.cftc.gov/ucm/groups/public/@swaps/documents/dfs/...
If a trade is not reportable to the CFTC, but a Party has a USI Namespace, that USI Namespace should still be used.

The "UTI Prefix Waterfall" diagram in §3.3 illustrates the hierarchy.

### 3.3 UTI Prefix Waterfall

[Diagram of UTI Prefix Waterfall]

- **Do you have a CFTC USI Namespace, or another regulatory mandated Namespace?**
  - **Yes**: Use the Namespace as UTI Prefix
  - **No**: Have a 20 character global LEI?
    - **Yes**: Use characters 7-16 as UTI prefix
    - **No**: Obtain a 20 character global LEI
      - Use characters 7-16 as UTI prefix
4 Generic Trade Workflows

Key
- - - - UTI Generation and Communication flow
- - - - Unwind, Step Out, Termination flow
- - - - Netted flows
- - - - Reporting (if line is dashed, indicates could be reported by Middleware of Party to trade)
- - - - Allocation(s)

4.1 Electronic Execution

4.1.1 Electronic Execution – No Allocation

For any trade executed on an electronic platform, both Parties should use the UTI generated by the electronic platform if available, otherwise, they should default to the next available point of the trade flow for determination, i.e. Middleware or Paper flow (see relevant trade flows).

Note: A broker may, in certain markets, be treated as a platform and be capable of generating a UTI for the Parties.
4.1.2 Electronic Execution – Allocated

If the trade is allocated over a platform, and the platform (electronic direct allocation) can generate the UTI for each allocation and notify both Parties, then this should be used. The platform over which the trade is allocated may not be the same as that upon which it was executed.

Where a trade is allocated off-platform (or the platform cannot generate a UTI), then the Dealer allocating the trade will generate the UTIs and notify the buy-side of the references via the confirmation process.

4.2 Broker/Direct Submission to Middleware

4.2.1 Affirm in Middleware

There is no central generation of UTI at point of execution. Both Parties agree the trade with a Broker and the Broker inputs to Middleware or, the trade is agreed bilaterally and input by one side into Middleware.

Both Parties affirm trade in the Middleware system. Middleware system will generate a UTI which will be shared and consumed by both Parties to the trade.
4.2.2 Confirm Matched in Middleware

There is no central generation of UTI at point of execution. The trade is either done by a Broker, or bilaterally agreed between Counterparties. Trade details are sent to Middleware by Parties A and B for matching.

Middleware generates a UTI when the first trade is submitted. If the subsequent submission matches, then the UTI will be shared and consumed by both Parties. Once matched, the Middleware will determine the correct UTI and notify both Parties who will need to consume, and if applicable, update their reference to match.

In the occasional instance where trades get confirmed via Middleware or an electronic confirmation platform which does not offer UTI generation or reporting services, the UTI generation guidelines for paper confirmed trades would apply. See Appendix 6.3 “Determination of the UTI Generating Party” for these guidelines.
4.2.3 Paper Trades

There is no central execution and no Middleware for confirmation matching; trades will be paper confirmed. If the other Party receives the agreed UTI before the reporting deadline, then they should also include the UTI on their Confirmation. However, if the other Party has not received an agreed UTI before the reporting deadline, they may submit their own trade reference, but not report a UTI until a UTI is agreed, at which time they should update and report with the agreed, final UTI.

To determine who generates the UTI when there is no central execution platform, see Appendix 6.2 “UTI Generator - Decision Tree.”

In the example shown, Party B is the UTI generator.

One Party will be required to update their reference to match that of the determining Party.
4.2.4 Affirm in Middleware – Cleared trade example (extension of scenario 4.2.1)

There is no central generation or exchange of UTI at point of execution.

Alpha
One Party/Broker alleges the trade in the Middleware system for the other Party to accept. Middleware system will generate a UTI, which will be shared and consumed by both Parties to the trade.

Beta/Gamma

5. Upon clearing, the CCP will communicate the new UTI for the Beta trade (either directly or via Middleware) to Party A.

6. Party A reports to TR: Beta UTI (prior Alpha UTI).

6. Middleware can report for the Parties, or they can report for themselves.

6. Trade is sent to the TR as a lifecycle event.
CCP reports to TR: Beta UTI (prior Alpha UTI), Gamma UTI (prior Alpha UTI).
4.3 Cleared Trades

The following diagrams are intended to generically represent common flows for cleared swaps for purposes of communicating the UTI. Not all flows will apply to all asset classes, nor will all CCPs support all flows.

For simplicity of illustration, the cleared trade scenarios show reporting to one TR, however, it is possible that reporting could occur to separate TRs.

4.3.1 Unlinked Principal Trades

4.3.1.1 New Trade

The Unlinked model implies no linkage between the two cleared sides.
### 4.3.1.2 Allocated Trade

This example illustrates a pre-clearing scenario. Once trades are sent for clearing, then the flows are identical to "Unlinked Principal Trades - New Trade" shown in section 4.3.1.1.

1. **Original block trade with UTI1**

2. **Block trade is subsequently terminated and replaced by allocations, each with its own UTI (UTI2, UTI3) across multiple funds (only 2 shown in this example).**

3. **Middleware can either report for the Parties, or the Parties can report for themselves.**

   - Party A reports to the TR: UTI2 "on behalf of Fund 1" (prior UTI1), UTI3 "on behalf of Fund 2" (prior UTI1) & terminated original block UTI1 after the trade is cleared.
   - Party B reports to the TR: UTI2 (prior UTI1), UTI3 (prior UTI1) & terminated original block UTI1 after the trade is cleared.
4.3.1.3 Portfolio Transfer

The trade between original Parties is agreed & already has a UTI (UTI1, UTI2). The portfolio is now being transferred from Clearing Member 1 (CM1) to CM3.

(1) Original trade with already determined UTIs (UTI1, UTI2).

(2) CCP generates UTI3 & CM1 generates UTI4 as offsetting trades vs. UTI1 & UTI2.

(3) A compression event occurs: UTI1 & UTI2 vs. UTI3 & UTI4.

(4) New UTIs are generated to show transfer. CCP generates & communicates UTI5 to CM3. CM3 generates UTI6. Portfolio is now held by CM3.

(5) CM1 reports to TR (terminated trades UTI1 through terminated UTI4).

(5) CCP reports to TR (UTI5, terminated UTI1, terminated UTI 3)

(5) Party A reports to TR (UTI6, terminated UTI2, terminated UTI4).

(5) CM3 reports to TR (UTI5, UTI6).

(2) CCP generates UTI3 & CM1 generates UTI4 as offsetting trades vs. UTI1 & UTI2.

(3) A compression event occurs: UTI1 & UTI2 vs. UTI3 & UTI4.

(4) New UTIs are generated to show transfer. CCP generates & communicates UTI5 to CM3. CM3 generates UTI6. Portfolio is now held by CM3.

(5) CM3 reports to TR (UTI5, UTI6).

(5) CM1 reports to TR (terminated trades UTI1 through terminated UTI4).

(5) CCP reports to TR (UTI5, terminated UTI1, terminated UTI 3)

(5) Party A reports to TR (UTI6, terminated UTI2, terminated UTI4).
4.3.1.4 Compressions

In a compression, multiple trades already exist and have cleared. The original trades are closed per Client request by executing a new trade in an offsetting position to the original trade. In a full compression, no residual amount remains after netting, so no new trade arises (e.g., no new UTI generated). Both original trades are terminated. In a partial compression, a residual amount remains after netting, and a new trade for the remnant is created with a new UTI. The compressed original trades are terminated.

A partial compression, which is a post-clearing event, is illustrated here. In a full compression, new UTI5 and new UTI6 would not be generated.

(1) In these examples, cleared trades UTI1 and UTI2 are offset by UTI3, UTI4 in compression. A residual remains. A new trade is created for remnant, with CCP generating UTI5 and CM1 generating UTI6.

(2) Party A reports termination of original to TR (UTI6, terminated UTI2, terminated UTI4).

(2) CM1 reports to TR (UTI5, UTI6, terminated UTI1 through terminated UTI4).

(2) CCP reports to TR (UTI5, terminated UTI1, terminated UTI3).
4.3.2 Unlinked Agency Trades

In Agency trades, the CM may report trades, but does not have an obligation to do so.

4.3.2.1 New Trade

(1) Original bilateral trade with UTI1. Trade is subsequently terminated.

(2) Upon clearing, CCP generates new UTI2 & communicates to CM1, Party A.

(3) Party A reports to the TR (UTI1, UTI2 and terminated UTI1 after the trade has cleared).

(4) CM1 & CM2 do not have to report in this Agency scenario.

4.3.2.2 Portfolio Transfer

The trade between original Parties is agreed & already has a UTI (UTI1). The portfolio is now being transferred from CM1 to CM3.

(1) In this scenario, a previous portfolio transaction resulted in UTI1. The portfolio is now being transferred from CM1 to CM3.

(2) UTI2 is generated as offsetting trade vs. UTI1

(3) UTI1 & UTI2 undergo a compression

(4) CCP communicates to CM1, Party A (terminated UTI1 & terminated UTI2).

(5) Party A reports to TR (UTI3, terminated UTI1, terminated UTI2).

(6) CM1 & CM3 do not have to report in this Agency scenario.
4.3.2.3 Compressions

In a compression, multiple trades already exist and have cleared. The original trades are closed per Client request by executing a new trade in an offsetting position to the original trade. In a full compression, no residual amount remains after netting, so no new trade arises (e.g. no new UTI generated). Both original trades are terminated. In a partial compression, a residual amount remains after netting, and a new trade for the remnant is created with a new UTI. The compressed original trades are terminated.

A partial compression, which is a post-clearing event, is illustrated here. In a full compression, new UTI3 would not be generated.

1. In this example, a cleared trade is flagged for compression (UTI1).
2. UTI1 is offset by UTI2 in the compression. A residual remains. A new trade is created for the remnant, with CCP generating new UTI (UTI3).
3. CCP communicates to Party A, CM1 (UTI3, terminated UTI1, terminated UTI2)
4. Party A reports to TR (UTI3, terminated UTI1, terminated UTI2)
5. CM1 does not have to report in this Agency scenario
4.3.3 Linked Trades

Linked trade scenarios apply to certain interdealer trades, where both Parties are Clearing Member

4.3.3.1 New Trade

(1) Bilateral interdealer trade with UTI1. Trade is sent for clearing via Middleware

(2) CCP accepts trade, replaces with 2 new trades, generates UTIs & communicates to Party A, B, Middleware (UTI2, UTI3). Original trade terminated (UTI1)

(3) Party A reports to TR (UTI1, UTI2, terminated UTI1).

(4) CCP reports to TR: UTI2 (prior UTI1) and UTI3 (prior UTI1).

4.3.3.2 Existing Trade - Lifecycle Event

Original bilateral trade with UTI1 generated by Middleware already exists with a UTI (UTI1). A Lifecycle event results in a declear. Any actions which occur after declearing result in a new trade for clearing.

(1) Original bilateral trade with UTI1.

(2) A lifecycle event results in a declear. The declear results in terminated trade (UTI2 terminated).

(3) CCP communicates to Party A, Middleware (terminated UTI2) and to Party B, Middleware (terminated UTI3)

(4) Party A reports to TR (terminated UTI2)

(4) CCP reports to TR: UTI2 (prior UTI1) and UTI3 (prior UTI1).

(2) A lifecycle event results in a declear. The declear results in terminated trade (UTI3 terminated).

(4) Party B reports to TR (terminated UTI3)
4.3.3.3 Existing Trade - Position Transfer

The original trade is agreed and already has a UTI (UTI1). A position transfer results in the transfer of one side of the cleared trade from Party A to Party C. The transfer creates a new contract between Party C and the CCP which will have a new UTI.

(1) CCP generates UTI2 & communicates to Party A

(2) The transfer from Party B to Party C creates a new contract between Party C & CCP, which will have a new UTI4. CCP generates & communicates to Party C (UTI4).

(3) CCP communicates to Party A (terminated UTI2)

(4) Party A reports to TR (terminated UTI2)

(4) CCP reports to TR (UTI4, terminated UTI2)

(5) Party B does not have to report in this scenario as their position is unchanged

1
2
3
4
5
4.4 Novations

4.4.1 Novated over Middleware

The trade between the original Parties is agreed and already has a UTI.

In the case of creation of a new UTI, a reference to a prior UTI will be required (see "Creation of UTI - Event Table" in Appendix 6.1).

4.4.2 Novation on Paper

Work flow is the same as for paper trades. UTI needs to be shared as part of the confirmation process. Upon novation, the party responsible for generating the UTI creates it. The UTI needs to be shared as part of the Confirmation process.
4.5 Prime Brokerage Flows

For Prime Brokerage transactions, Parties can reference a prior UTI if required by a Regulator. In general for Prime Brokerage, the ED is the UTI generator for the ED/PB leg, while the PB is the UTI generator for the Client/PB leg.

4.5.1 With Middleware

If the Client is acting as Agent to the PB during the transaction negotiation, the PB may report on behalf of the Client. The PB/Client leg and PB/ED leg are reportable, the ED versus Client leg is not, and the flows are shown below. If the Client is acting as Principal, then the process follows the model depicted in Section 4.3 "Novations."

*Note: Execution time for PB-reported trades is the time the trade was accepted by the PB. If Middleware is not generating the UTI, then it consumes the UTI from the UTI generator and shares with Parties.*
4.5.2 No Middleware

This is for the scenario where there is no Middleware provider, such as in FX. There is no central generation and sharing of UTI. Client, ED and PB are Principal to the trade.

1. Terms agreed between Client and ED
2. ED generates UTI1 for ED/PB leg. ED notifies PB of execution & communicates UTI1 to PB
3. Client notifies PB of execution
4. PB generates UTI2 for PB/Client leg. PB communicates UTI2 to Client
5. ED reports ED/PB leg (UTI1)
   PB reports PB/ED leg (UTI1)
   Client reports Client/PB leg (UTI2)
   PB reports PB/Client leg (UTI2)
4.5.3 (a) Allocation(s) with preceding Block Trade

On the PB-Client side, funds are initially allocated to a single ED-PB block trade. The block trade is subsequently terminated and replaced by a split allocation across multiple PB-Client trades. Each has its own unique UTI.

In some jurisdictions, a requirement exists for the initial PB-Client block trade to refer back to the mirror ED-PB trade. Each of the Client-side allocation trades will have the UTI of the trade they replaced in the trade repository.
4.5.3 (b) Allocation(s) with no preceding Block Trade

One-to-many PB transactions, with no preceding Client-side block trade. On the PB-Client side funds are split across allocations over multiple deals.

In some jurisdictions, a requirement exists for each PB-Client trade to refer back to the mirror ED-PB trade.

(1) Terms are agreed between ED and Client

(2) Trade between ED and PB (UTI 1)

(3) Allocations to multiple funds (prior UTI 1 added for each PB/Client allocation).
4.5.4 (a) Novation when original trade has cleared

In this case, the trade cannot declear on the PB/Dealer leg. Client has an existing rates transaction with ED1. In this case, the original trade (PB / ED1) has cleared. ED1 is depicted to demonstrate that ED1 would not be involved since the original transaction between ED1/PB was cleared. The PB/Client leg remains bilateral.
4.5.4 (b) Novation when original trade has not cleared

Client has an existing transaction with ED1 in rates. In this case, the original trade (PB / ED1 leg) has not been cleared.
4.5.5 (a) Unwind when original trade has cleared

In this credit scenario, the original trade (PB /ED) has been cleared, and cannot declear. The majority of Dealers are currently voluntarily self-clearing. Execution occurs with the same ED as the original trade.

4.5.5 (b) Unwind when original trade has not cleared

This is a case where the original trade (PB /ED) has not been cleared for credit or rates. Executing with the same ED as the original trade.
4.5.6 PB executes full compression for Client per Client request

A plain vanilla trade already exists for rates or credit. Multiple trades are closed by PB for the Client, per the Client’s request, and replaced by a single trade by executing a new trade in an offsetting position. Client tells PB which positions to compress. A full compression is when 100% of the Clients’ individual trades are terminated, and no residual position remains for the Client and PB. If a residual position is left, the trades may be terminated, and a new trade created (with a new UTI) for the remnant. The compressed trade which was closed would refer back to the new trade. There may be cases where this may not always be followed, and, if a residual position is left, the trade could possibly be amended in terms of amount and keep the same UTI.
4.5.7 Intermediations

Trade Terms are agreed between Client and ED, and the trade is confirmed with UTI 1. The trade is bilateral. At the point of execution, there is no give-up, but then subsequently given-up. The PB intermediates e.g., the PB steps in between to face the Client and the ED. A new UTI must be generated and prior UTI 1 is referenced. This depicts a fundamental flow - there are additional scenarios which also use Middleware to communicate the UTI and match on common data fields.

(1) Bilateral trade. Trade Terms agreed between Client and ED (UTI 1).

(2) Trade confirmed (UTI 1)

(3) PB steps between to face Client and ED. 2 new transactions are created (UTI2, UTI3). UTI1 is terminated.

(4a) Credit: New trade entered. Client or ED submits. PB (and Client) affirm.

(4b) Rates: New trade entered. ED alleges. PB and Client affirm.
4.5.8 Negative Affirmation: Prime Equity Synthetics Front-to-Back Workflow

The PB is the ‘determining party’ as the writer and seller of the swap. Therefore, the PB generates the UTI for consumption by the Client/Hedge Fund. The UTI is created in-house and negatively affirmed to “agree” on common data.

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(1) Client requests synthetic swap

(3) PB writes synthetic swap to Client

(2) Equity hedge executed (orders / fills)

(4) UTI generated in-house (UTI 1)

(7A) Send UTI, common data, and counterparty data to the TR (UTI 1)

(5) Post the UTI and common data on Client portal (UTI 1)

(6) Send .csv/PDF to Client

(7B) Send UTI, common data, and counterparty data to the TR (UTI 1)
5 UTI Generation and Matching for Historical Trade Populations

5.1 Summary

In jurisdictions where Parties need to report historic trades with an agreed UTI, historic trades need to be paired and matched in advance in order to agree a UTI. Firms will need to participate in a bilateral pairing exercise with their Counterparties to confirm their eligible trade population, as well as to agree UTIs for trades. Priority for UTI determination would apply first to live trades.

5.2 Principles

The following principles are proposed industry best practice for determining a UTI for historic trades.

1. Where an acceptable unique trade reference is available via Middleware, electronic confirmation or execution platforms, that unique reference will be used as a UTI.

2. Counterparties should pair paper trades and agree a UTI ahead of reporting. If there is no agreed UTI at time of reporting, then Parties may submit their own trade reference, but not report a UTI until a UTI is agreed, at which time they should update and report with the agreed, final UTI.

3. For cleared trades, only the Beta and Gamma trades will be backloaded as live trades, as the Alpha trade is considered dead.

4. If a trade has already been reported under another jurisdiction (e.g. Dodd Frank or JFSA), then the UTI for any additional jurisdictions should be the same reference already used to report to the previous jurisdiction.

5. For a trade already reported under another jurisdiction, only the latest version of the trade will be backloaded as reportable.

6. For paper trades, the Party that generates the UTI should be determined using asset class specific logic. Examples can be found in the Appendix 6.3 “Determination of the UTI Generating Party.”
6 Appendices

6.1 Creation of UTI - Event Table

Certain events that result in a change to the legal part(ies) of a transaction require a new UTI to be generated. Whenever a new UTI is generated, the prior UTI is retained.

To further summarize the UTI principles, the following event table was created by industry working groups.

<table>
<thead>
<tr>
<th>Event Type</th>
<th>New UTI Generated?</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Trade</td>
<td>Y</td>
</tr>
<tr>
<td>Amendment (correction to the trade for any trade attribute or fee)</td>
<td>N</td>
</tr>
<tr>
<td>Cancel (trade booked in error)</td>
<td>N</td>
</tr>
<tr>
<td>Trade Allocated</td>
<td></td>
</tr>
<tr>
<td>Original Unallocated “Block” Trade</td>
<td>N</td>
</tr>
<tr>
<td>Allocated Trades</td>
<td></td>
</tr>
<tr>
<td>Y (each allocation)</td>
<td></td>
</tr>
<tr>
<td>Cleared Positions</td>
<td></td>
</tr>
<tr>
<td>Original Bilateral Trade</td>
<td>N</td>
</tr>
<tr>
<td>Cleared Position</td>
<td>Y</td>
</tr>
<tr>
<td>Termination / Unwind</td>
<td>N</td>
</tr>
<tr>
<td>Partial Termination / Partial Unwind / Partial Decrease</td>
<td>N</td>
</tr>
<tr>
<td>Increase / Decrease</td>
<td>N</td>
</tr>
<tr>
<td>Full Novation – for the transaction between Remaining Party and the Transferee</td>
<td></td>
</tr>
<tr>
<td>Y</td>
<td></td>
</tr>
<tr>
<td>Full Novation – 4 way</td>
<td>Y</td>
</tr>
<tr>
<td>Partial Novation – Partial Remaining Party</td>
<td></td>
</tr>
<tr>
<td>Original Trade</td>
<td>N</td>
</tr>
<tr>
<td>New Trade</td>
<td>Y</td>
</tr>
<tr>
<td>Partial Novation – Partial 4 way</td>
<td></td>
</tr>
<tr>
<td>Original Trade</td>
<td>N</td>
</tr>
<tr>
<td>New Trade</td>
<td>Y</td>
</tr>
<tr>
<td>Exercise</td>
<td></td>
</tr>
<tr>
<td>Original Option</td>
<td>N</td>
</tr>
<tr>
<td>Exercise (New Swap - Physically Settled)</td>
<td>Y</td>
</tr>
<tr>
<td>Prime Brokerage</td>
<td>Y</td>
</tr>
<tr>
<td>Succession Events</td>
<td></td>
</tr>
<tr>
<td>Rename</td>
<td>N</td>
</tr>
<tr>
<td>Reorganizations</td>
<td>Y</td>
</tr>
<tr>
<td>Credit Events</td>
<td></td>
</tr>
<tr>
<td>Bankruptcy / Failure to Pay</td>
<td>N</td>
</tr>
<tr>
<td>Restructuring</td>
<td>Y</td>
</tr>
<tr>
<td>Compression Events</td>
<td></td>
</tr>
<tr>
<td>Original Trade - Terminated</td>
<td>N</td>
</tr>
<tr>
<td>Original Trade – Amendment</td>
<td>N</td>
</tr>
<tr>
<td>New Trade</td>
<td>Y</td>
</tr>
<tr>
<td>CCP: Position Transfer (i.e. transfer of a trade between Clearing Members)</td>
<td>Y</td>
</tr>
<tr>
<td>CCP: Declear then Reclear</td>
<td>Y</td>
</tr>
<tr>
<td>CCP: Compression</td>
<td>Y</td>
</tr>
</tbody>
</table>

* Depending on product type and triggering activity
6.2 UTI Generator - Decision Tree

If a central execution platform, Middleware or CCP has not generated a UTI, this decision tree maps the process for determining who generates the UTI for all asset classes.

If the Party consuming the UTI has not received the UTI by time of reporting, then the Party should report using their own trade reference. Once the UTI is agreed, the trade should be updated and re-reported.

For multi-jurisdictional transactions, if there is a CFTC reporting obligation, a CFTC compliant USI must be generated. In this case, the USI would be used as the UTI. If both Parties have a reporting obligation, and need to determine who generates the UTI, then use the guidelines below.

Note: We expect smaller banks / clients may delegate UTI generation to Dealers

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4 If only one Party has a reporting obligation, they are automatically the UTI generator.
5 Parties with no reporting obligation may choose whether or not to consume the UTI.
6.3 Determination of the UTI Generating Party

The process of USI/UTI generation and determination of Reporting Counterparty (“RP”) in singular reporting party jurisdictions are separate and distinct processes. The following is the best practice tie-breaker logic to determine which party generates the UTI.

Credit

When asset class tie-breaker logic needs to be applied, the UTI generating party is the Floating Rate Payer (a/k/a ‘Seller’). For Swaptions, the UTI generating party is the Floating Rate Payer of the underlying Swap.

For novated transactions, the UTI Generating Party should be reassessed between the Transferee and Remaining Party based on the above.

Rates

Product Attribute Determination

<table>
<thead>
<tr>
<th>RP Tie Breaker Logic - Rates</th>
<th>Trade Type</th>
<th>Explanation</th>
<th>Reporting Party</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade Type</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cap/Floor</td>
<td>When a single Fixed Rate Payer exists</td>
<td>Fixed Rate Payer. Otherwise Reverse ASCII sort, first LEI/Entity ID</td>
<td></td>
</tr>
<tr>
<td>Debt Option</td>
<td>All</td>
<td>Option Buyer</td>
<td></td>
</tr>
<tr>
<td>Exotic</td>
<td>All</td>
<td>Reverse ASCII sort, first LEI/Entity ID</td>
<td></td>
</tr>
<tr>
<td>FRA</td>
<td>All</td>
<td>Fixed Rate Payer</td>
<td></td>
</tr>
<tr>
<td>IRS Basis</td>
<td>All</td>
<td>Reverse ASCII sort, first LEI/Entity ID</td>
<td></td>
</tr>
<tr>
<td>IRS Fix-Fix</td>
<td>All</td>
<td>Reverse ASCII sort, first LEI/Entity ID</td>
<td></td>
</tr>
<tr>
<td>IRS Fix-Float</td>
<td>All</td>
<td>Fixed Rate Payer</td>
<td></td>
</tr>
<tr>
<td>IRSwap: Inflation</td>
<td>When a single Fixed Rate Payer exists</td>
<td>Fixed Rate Payer. Otherwise Reverse ASCII sort, first LEI/Entity ID</td>
<td></td>
</tr>
<tr>
<td>IRSwap: OIS</td>
<td>All</td>
<td>Fixed Rate Payer</td>
<td></td>
</tr>
<tr>
<td>Swaption</td>
<td>All</td>
<td>Option Buyer</td>
<td></td>
</tr>
<tr>
<td>XCCY Basis</td>
<td>All</td>
<td>Reverse ASCII Sort, first LEI/Entity ID</td>
<td></td>
</tr>
<tr>
<td>XCCY Fix-Fix</td>
<td>All</td>
<td>Reverse ASCII sort, first LEI/Entity ID</td>
<td></td>
</tr>
<tr>
<td>XCCY Fix-Float</td>
<td>All</td>
<td>Fixed Rate Payer</td>
<td></td>
</tr>
</tbody>
</table>
**Tiebreaker Logic**

When the participant identifier tiebreaker is invoked the following processes will be used:

1a. Determining identifiers

When an entity has multiple entity ID’s then the following hierarchy will be used to determine which entity ID to use in the UTI Generator determination logic:

- LEI or pre-LEI (collectively referred to below as “LEI”) is used before DTCC GTR ID which is used before an AVOX ID which is used before any other identifier.

1b. Identifier Tiebreaker Logic Scenarios

- i. When both firms have a LEI then rank based on the two LEIs.
- ii. When one firm has a LEI and the other firm has a DTCC ID but does not have a LEI then rank based on the comparison of the LEI or pre-LEI to the DTCC ID.
- iii. When one firm has a LEI or pre-LEI and the other firm has an AVOX ID but does not have a LEI then rank based on the comparison of the LEI to the AVOX ID.
- iv. When neither firm has a LEI and both firms have a DTCC ID then rank based on the two DTCC IDs.
- v. When neither firm has a LEI and one firm has a DTCC ID and the other firm has only an AVOX ID then rank based on the comparison of the DTCC ID to the AVOX ID.
- vi. A firm will be the UTI Generating Party when that firm has a DTCC ID or LEI and the other has neither a LEI nor a DTCC ID nor an AVOX ID. Please note that in all cases the UTI Generating Party will have a DTCC ID and by extension will have a LEI.

2. Determining sort order of identifiers

- LEI, DTCC GTR IDs, and AVOX ID’s are comprised of characters from the following set {0-9, A-Z}.
- For avoidance of doubt, before comparing ID’s convert all ID’s to UPPER CASE only.
- For comparison basis the sort order will be reverse ASCII sort order. For avoidance of doubt the following are sort order of precedence:

3. When comparing two ID’s the UTI Generating Party will be the firm with the first ID in the list when sorted in reverse ASCII sort order.
Equities

The UTI Generating Party will be the:

- Seller of performance on any product in the taxonomy\(^6\).
- Seller of product on all other (exotic) products in the taxonomy.
- If seller cannot be identified the fall back would be for the parties to agree amongst themselves.

For Portfolio Swaps Agreements (PSA’s) the seller will remain the seller regardless of the underlier’s performance.

For the avoidance of doubt, if the trade is confirmed via negative affirmation, the provider of the negative affirmation agreement is the UTI Generating Party.

Commodities

A seller convention applies if the executed trade is one of the three trade types enumerated in the table below. Otherwise, the LEIs of the parties should be compared in standard ASCII order and the party with the first ID in the list will be the UTI generating party.

<table>
<thead>
<tr>
<th>Trade Type</th>
<th>Explanation</th>
<th>Reporting Party</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Floating Swap</td>
<td>Seller of the Fixed leg = Reporting Party</td>
<td>Fixed leg seller (Receiver of Cash on the fixed leg)</td>
</tr>
<tr>
<td>Option</td>
<td>Receiver of premium payment or Option writer</td>
<td>Seller</td>
</tr>
<tr>
<td>Swaption</td>
<td>Receiver of premium payment or Swaption writer</td>
<td>Seller</td>
</tr>
<tr>
<td>Option Strategies (Collars, Corridors, Multi-leg)</td>
<td>Premium receiver is the Seller = Reporting Party</td>
<td>Premium Receiver</td>
</tr>
<tr>
<td></td>
<td>If no premium, go to alpha convention</td>
<td>Go to alpha convention</td>
</tr>
</tbody>
</table>

For trade types not listed above

| Seller convention with Alpha | Any trade that falls outside of that list will have the alphanumeric ASCII convention applied based on the LEI/CICI. The LEI/CICI selected as the RP will be the LEI/CICI at the top of that sort order. As an example, ASCII is the same sort logic that MS Excel applies. |

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\(^6\) [http://www2.isda.org/otc-taxonomies-and-upi/](http://www2.isda.org/otc-taxonomies-and-upi/)
FX

When asset class tie-breaker logic needs to be applied:

- For Cash trades: The UTI Generating Party is the counterparty selling the currency that occurs first in the 26-letter English alphabet.
- For Options: The UTI Generating Party is the seller of the option.

<table>
<thead>
<tr>
<th>Taxonomy</th>
<th>Rule</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forward</td>
<td>FX Cash Rule</td>
<td>For FX Swaps, the Reporting Party of both legs of the swap would be determined by applying the Cash Rule to the far-leg of the Swap</td>
</tr>
<tr>
<td>NDF</td>
<td>FX Cash Rule</td>
<td>n/a</td>
</tr>
<tr>
<td>Option</td>
<td>Option Seller Rule</td>
<td>n/a</td>
</tr>
<tr>
<td>NDO</td>
<td>Option Seller Rule</td>
<td>n/a</td>
</tr>
<tr>
<td>Simple Exotic</td>
<td>Option Seller Rule</td>
<td>n/a</td>
</tr>
<tr>
<td>Complex Exotic</td>
<td>See comment</td>
<td>For a complex exotic product where there is an unambiguous seller of the product, then Option Seller Rule would apply. The seller determination would be driven by the seller as agreed in the standard FpML representation of the product. IF there is no clear seller, then the FX Cash Rule would apply.</td>
</tr>
</tbody>
</table>

## 7 Glossary

### 7.1 Acronyms used

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>CCP</td>
<td>Central Counterparty Clearing House</td>
</tr>
<tr>
<td>CM</td>
<td>Clearing Member</td>
</tr>
<tr>
<td>ED</td>
<td>Executing Dealer</td>
</tr>
<tr>
<td>EOD</td>
<td>End of Day</td>
</tr>
<tr>
<td>ESMA</td>
<td>European Markets and Securities Authority</td>
</tr>
<tr>
<td>ETD</td>
<td>Exchange Traded Derivatives</td>
</tr>
<tr>
<td>FOA</td>
<td>Futures and Options Association</td>
</tr>
<tr>
<td>FX</td>
<td>Foreign Exchange</td>
</tr>
<tr>
<td>GP</td>
<td>Generating Party (UTI generator)</td>
</tr>
<tr>
<td>MSP</td>
<td>Major Swap Participants</td>
</tr>
<tr>
<td>OTC</td>
<td>Over-the-Counter [Derivatives]</td>
</tr>
<tr>
<td>PB</td>
<td>Prime Broker</td>
</tr>
<tr>
<td>RTS</td>
<td>Regulatory Technical Standards adopted by the EC</td>
</tr>
<tr>
<td>RP or RCP</td>
<td>Reporting Party; Reporting Counterparty</td>
</tr>
<tr>
<td>SD</td>
<td>Swap Dealer</td>
</tr>
<tr>
<td>Abbreviation</td>
<td>Full Form</td>
</tr>
<tr>
<td>--------------</td>
<td>-----------</td>
</tr>
<tr>
<td>TR</td>
<td>Trade Repository</td>
</tr>
<tr>
<td>USI</td>
<td>Unique Swap Identifier</td>
</tr>
<tr>
<td>UTI</td>
<td>Unique Transaction Identifier</td>
</tr>
</tbody>
</table>