

Unique Trade Identifier (UTI) generated by Central Electronic Execution Platforms

Due to uncertainty and potential inconsistencies in the implementation and adoption of electronic execution platform generated UTIs for 12 February 2014 (dual-sided reporting date for EMIR), which could result in a large number of reporting breaks, the GFMA Global FX Division Market Architecture Group recently published "Unique Trade Identifier (UTI) - UTI Generated by Central Execution Platforms"¹ outlining an approach to be used with respect to the use of UTIs generated by central electronic execution platforms.

ISDA and its industry Working Groups suggest the same phased-in approach to be used across all asset classes, including FX. This methodology does not change the UTI best practice outlined in the whitepaper "UTI: Generation, Communication and Matching,"² rather, it is an approach to be used in the interim while Party infrastructures are still being developed.

1. For 12 February 2014, the date with respect to dual sided EMIR reporting, if central electronic execution platforms are not able to generate and communicate a UTI, one of the parties to the trade will be required to generate and communicate the UTI to the other party. The non-generating party should consume the UTI from the confirmation of the UTI generating counterparty.
2. For 12 February 2014, if one party to a trade is able to consume a UTI from a central electronic execution platform and the other party is not able to consume a UTI from a central electronic execution platform, then:
 - If the party that is able to consume the UTI from the platform is the UTI generating party, then the UTI will be communicated to the non-generating party via the confirmation and the non-generating party should consume the UTI from the confirmation of the UTI generating counterparty.
 - If the party that is able to consume the UTI from the platform is the non-generating party, then the non-generating party should consume the UTI from the confirmation of the UTI generating party and not the platform.
3. For 12 February 2014, if both counterparties to a trade are not able to consume a UTI from a central electronic execution platform, one of the parties to the trade will be required to generate and communicate the UTI to the other party. The non-generating party should consume the UTI from the confirmation of the UTI generating counterparty.

For the avoidance of doubt, the third Key Principle from §2 of UTI whitepaper still applies in this interim approach: If a trade requires a Unique Swap Identifier (USI), this should be used as the UTI.

¹ [http://www.gfma.org/Initiatives/Foreign-Exchange-\(FX\)/FX-Market-Architecture/](http://www.gfma.org/Initiatives/Foreign-Exchange-(FX)/FX-Market-Architecture/) "Unique Trade Identifier (UTI) - UTI Generated by Central Execution Platforms" (January 2014)

² <http://www2.isda.org/functional-areas/technology-infrastructure/data-and-reporting/> "UTI: Generation, Communication and Matching" (10 December 2013)

Firms should keep this in mind in the event the central electronic execution platform is not yet able to generate a CFTC compliant UTI, so they can decide whether a party-generated USI should be used as the UTI instead.

Finally, once both the central electronic execution platform is able to generate and communicate the UTI and both counterparties to the transaction are able to consume the UTI, then the process for the generation of a UTI should, once bi-laterally agreed between parties to the trade, revert back to the central electronic execution platform as per the methodology defined in §2 of the UTI whitepaper.²