Frankfurt,
9 July 2021

BVI`s comment on the second DSB UPI Fee Model Consultation

We[1] welcome the work started by the DSB to design, deploy and operate an efficient UPI service that leverage the capabilities of the existing services (e.g. CFI and OTC-ISIN requirements) to the extent practicable. Fund management companies will generally - as it is the case today with the OTC-ISIN - not create a UPI code and will therefore rely on the DSB UPI service to search for and/or download the UPI reference data record required for the relevant investment funds (UCITS/AIF). Most of the UPI codes will be created by the sell-side or other data providers as it is currently the case for the OTC-ISIN. We will focus our answer to the questions 3 (a) and (b).

Summary: The DSB is proposing to make the OTC ISIN record including the UPI code freely available at T+0 23.55hrs UTC and the full UPI record on T+1 23.55hrs UTC with the primary goals of ensuring financial sustainability and providing a fair service for all jurisdictions.

Question 3a: Do you concur with this approach to the Registered user file download timing?

Question 3b: If not, what specific alternate approach do you recommend? Please provide a clear rationale and any additional details you believe should be incorporated into the DSB's approach.

We generally agree with the DSB proposal to make the OTC ISIN record including the UPI code freely available at T+0 23.55hrs UTC. However, we disagree with the idea to make the full UPI record only freely available on T+1 23:55hrs UTC.

We strongly agree with the alternative proposal **(i)** (please compare on p. 19) to **provide also the UPI record file freely available at 23.55hrs UTC, T+0.** We do not share the assumption that such a requirement could damage the financial sustainability of the UPI service and therefore the principle of fairness for all UPI users.

As the daily creation number of new UPIs will be substantially less than the daily volume of new OTC-ISINs, we believe that incremental costs to produce the UPI service should be allocated to the existing paying stakeholders (e.g. sell-side and data vendors). Such market participants have strong commercial interests to promote newly and innovative (OTC) derivative contracts (e.g. ESG related products) to the buy-side firms. On top, the relevant data vendors charge already today ever-increasing financial market data and licensing costs to the fund management companies.[2] Therefore, we strongly encourage the DSB to provide the UPI code (including UPI record file) in machine-readable download files for free to all registered users (e.g. fund management companies) at the end of the day.

[1] BVI represents the interests of the German fund industry at national and international level. The association promotes sensible regulation of the fund business as well as fair competition vis-à-vis policy makers and regulators. Asset Managers act as trustees in the sole interest of the investor and are subject to strict regulation. Funds match funding investors and the capital demands of companies and governments, thus fulfilling an important macro-economic function. BVI's 116 members manage assets some EUR 4 trillion for retail investors, insurance companies, pension and retirement schemes, banks, churches and foundations. With a share of 27%, Germany represents the largest fund market in the EU. BVI's ID number in the EU Transparency Register is 96816064173-47. For more information, please visit www.bvi.de/en.
[2] https://www.bvi.de/fileadmin/user_upload/20210106_BVI-position_FCA_cons.pdf and https://www.bvi.de/fileadmin/user_upload/Regulierung/Branchenstandards/Kosten_von_Benchmarkdaten/2021_EFAMA_ICSA_Global_Memo_Benchmark_Data_Costs_0.pdf

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