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**To: European Securities and Markets Forum  
“ESMA”**

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**Subject: ANNA response to Consultation paper: “Draft Technical Standards for the Regulation of OTC Derivatives, CCPs and Depositories” (ESMA/2012/379)**

The Association of National Numbering Agencies (‘ANNA’) would like to thank the members of the European Securities and Markets Forum (‘ESMA’) for providing ANNA with the opportunity to comment on the above referenced consultation paper. We believe that overall subject matter raised in the context of the consultation paper is of significant importance to the continuing efficient operation of the financial markets as a whole and that the use of ISIN and CFI codes are of vital importance to ensuring the ongoing smooth operation of the capital markets as a whole.

It is important to the context of our response to provide some background information, statistics and an overview of what the ANNA membership facilitate and have responsibility for, on a daily basis.

ANNA was formed under Belgian law as an ‘srl’ Association in 1992 with 22 National Numbering Agencies as the original founding members. Today, ANNA has 83 National Numbering Agencies (NNAs) with full membership rights and an additional 29 associate members (ANNA partners). As a direct result of the current number and geographic composition of ANNA’s membership and the associated substitute NNA function, the coverage of ISIN (International Securities Identification Number) and CFI (Classification of Financial Instruments) assignment (in accordance with the ISO 6166/10962 standards) is in excess of 200 countries worldwide.

The larger global coverage versus the actual number of members is due to establishment of substitute numbering agencies functionality to assist with ensuring wider market adoption and the promotion of the ISO 6166/10962 standards. Substitute agencies have been designated to assign unique identification numbers in jurisdictions where no National Numbering Agency exists or the existing National Numbering Agency is unable to cover a specific instrument type – hence the achieved level of global coverage.

The ANNA Service Bureau (‘ASB’) (operated with direct oversight/input by ANNA) has been in production since July 2001. It is due to the efforts and commitment of the ANNA members as a whole, to ensure availability of ISINs and CFI codes via the ASB, that as of the end of July 2012, the ASB had in excess of 17.57 million ISINs in its’ database. Of this number, in excess of 6.69 million ISINs were ‘live/active’ issuances trading in one or more of the global financial markets.

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Additionally the ASB database now has over 14.97 million CFI codes of which 6.01 million are 'live/active' issuances.

ANNA has been designated by the International Standards Organisation (ISO) to be the responsible Registration Authority for both the ISO 6166 (ISIN) and ISO 10962 (CFI) standards. The ISO endorsed ISIN and CFI standards are used today by financial institutions on a global basis for the purpose of securities identification and financial instrument classification. These two financial standards are recognised, adopted and supported by many international regulators across the globe as compulsory reporting elements when identifying financial instrument transactions. The use of ISO compliant identifiers assigned by members of ANNA is largely due to the fact the regulators trust the reliability of the assigned identifiers and with that, trust the source of these numbers i.e. assignment and management by the appointed National Numbering Agencies in each country,

ANNA and its member National Numbering Agencies have over the years, proven their ability to assign, identify and manage financial instrument identifiers, facilitating global coverage due to the composition and expertise of the member National Numbering Agencies. This is applied by each NNA when performing their role of responsible entities for securities numbering/identification on a daily basis. The National Numbering Agencies are the 'market experts' for unique security numbering and identification.

ANNA and its members play a vital role in the functioning of the global financial markets. Its members proactively promote, implement, maintain and make available ISO standards (for which ANNA has been given responsibility) for securities and related financial instruments. These are applied in a uniform and harmonised structure for the benefit of the National Numbering Agencies ('NNAs') home market as well as the financial industry as a whole. This commitment is clearly captured in our Mission Statement (referenced below).

#### ANNA's Mission Statement

*We are committed to providing actionable global ID and reference data products and services to global market participants, including Regulators and the financial services industry to uniquely identify, classify and describe entities and financial instruments.*

*We proactively promote, implement and maintain standards for entities and related financial instruments and make related information available in a uniform and accurate structure for the benefit of global markets and the securities industry as a whole.*

*Our federated model uniquely positions us as the leading association able to offer local market expertise to the global community.*

ANNA's objectives further illustrate our continuing commitment to the use of standards in the global financial markets (referenced below).

- Globally develop and promote standards under ANNA's control
- Commit to work for the benefit of the financial industry
- Codify, classify and make data accessible and available to industry participants
- Contribute to the ISO Standards development process
- Ensure timeliness, accuracy and quality in the application of standards



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- Fulfil our obligations as an ISO Registration Authority for the ISIN (ISO 6166) and CFI (ISO 10962) Standards

#### The importance of ISIN and CFI's to the financial industry

The accurate assignment and availability of ISIN and CFI codes are fundamental to the efficient operation of the global financial industry.

- Unique/distinct ISINs are allocated to financial instruments issued by the same issuing entity, issued in different timeframes or carrying different noteholder rights vis-à-vis the issuance terms and conditions;
- ISIN has been globally adopted as a common identifier linking and communicating information relating to OTC markets, CCP securities, settlement and datafeeds;
- Regulators (globally) make widespread use of ISIN and CFI in their reporting mechanisms;
- The planned T2S system being developed by the ECB will also use ISIN and CFI as the method for financial instrument identification and as a key identifier for the settlement of transactions;
- ISIN is unique, accessible and made available from the responsible NNA;
- ISIN allows for the transfer of securities and related information in a timely and accurate manner;
- ISIN plays a key role in security identification during the buying, selling and transfer of financial instrument ownership processes;
- ISIN is also key to identifying off-market trades between institutions, private parties and between beneficial holders, brokers and custodian entities;
- Globally, market infrastructure systems, processes and procedures are already programmed to accommodate the use of ISINs. Any change to the use of the ISIN as a key identifier would burden the market with costly system changes;
- CFIs are currently used by market participants to identify a securities' key attributes without having to read the prospectus, term sheet or and other supplement documentation;
- CFI codes create a globally recognised and uniform approach to grouping financial instruments;
- CFI codes ensure the same terminology is used for instruments across different geographical regions, time zones and irrespective of the countries' language;
- CFIs allow for the grouping of securities in a consistent manner which enables investors to categorise holdings better whilst at the same time allowing better risk management of exposure to specific instrument types;
- The use of ISIN and CFI codes has been widely adopted by the global financial markets over the last 20+ years and this level of industry adoption should be a key factor in this assessment process.

The adoption and use of ISIN and CFI is widespread across the global financial industry. Whilst the ESMA paper acknowledges and endorses the use of several international standards, we seek a stronger endorsement from ESMA in relation to globally adopted international standards for identification and classification of derivative instruments through the use of ISIN (ISO 6166) and CFI (ISO 10962). International standards provide a consistent and common approach on a global scale and can be applied to both exchange traded and OTC instruments.

We believe that the ISIN and CFI coding that is already in place will fulfil the requirements of a UPI

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and that the continued use of ISIN and CFI codes as the method of unique instrument identification will result in reduced costs to market participants such as data vendors, clearing houses, CCPs, trading, settlement venues, and exchanges since their in-house systems are already designed to accommodate the use of ISIN and CFI codes. Additionally, we believe it is important to take into consideration that ISINs are already proactively allocated for exchange traded derivatives and some OTC derivatives within certain jurisdictions. As such they have proven to be a global and universal identifier. The adoption of ISIN in the OTC derivative space is seen as a viable and achievable alternative.

Further to the above, the current revision of the ISO 10962 (CFI) standard has already accepted (in principle) the integration of the ISDA taxonomy. This would further support the creation of a globally consistent and interoperable classification scheme.

The UPI as detailed in the consultation paper does not exist at this time, yet ISIN and CFI codes do. The characteristics of the UPI, as detailed in the paper, are similar in many respects to the combination of ISIN/CFI.

As the global financial community is already familiar with the use of ISIN and CFI, the implementation of the LEI would be more seamless. Promotion of the LEI would be easier as the use of the LEI coupled with the ISIN and CFI will not be a substantial development burden versus the introduction of two new identifiers, LEI and UPI.

To conclude, the ANNA membership strongly support and urge the further adoption of the use of ISIN and CFI as the best method of uniquely identifying and classifying financial instruments.

Sincerely yours,

Dan Kuhnel  
ANNA Chairman