

Derivatives Service Bureau
CHANGE REQUEST FORM

Title		Updating Reference Rates	
Background	<p>ESMA published new guidance on 6th December 2019 concerning the recommended 4-character ISO Reference Rate.</p> <p><i>“...At the time RTS 23 and RTS 22 were developed, some codes were not yet available, therefore the list of standardised codes for reporting of reference rate specified in these Regulations did not include the all reference rates codes. Since there is no code, the free-text format is applicable for fields where the name of the rate should be populated. However, in order to ensure consistent reporting and enable the reconciliation of the reports in question, the 4-letter code assigned to in the ISO 20022 standard should be populated in these fields...”</i></p> <p>Considering this feedback and after initial analysis and consultation with the PC we must now update our reference rates to reflect the below guidance</p> <p><i>“For RTS-23 purposes, users should now refer to BenchmarkCurveName2Code as the master source of ISO Curve Names instead of BenchmarkCurveNameCode. If the index is not included in the predefined BenchmarkCurveName2Code they shall use the index included in the BenchmarkCurveNameCode list in {ALPHANUM-25}.”</i></p> <p>It will be necessary to ensure that the 4-character assigned in ISO 20022 for EUR-EuroSTR-COMPOUND, GBP-SONIA-COMPOUND & USD-SOFR-COMPOUND are reflected and returned by the DSB by adding them to the enumerated list.</p>	JIRA	DSB-152
		Type	Enumeration
		Owner	Adam Grace
		Version	1
		State	Final
Terms of Reference	Scope	This update will impact all templates and documentation within the RATES and OTHER Asset Classes that include a Reference Rate as an Underlying.	
Requirements	Enumerated reference rates list must now reflect the 4-letter code assigned to in the ISO 20022 standard within BenchmarkCurveName2Code & BenchmarkCurveNameCode.		
Change Details	<p>For each of the in-scope templates, the Reference Rate/Other Reference Rate will need to be translated to the 4-character <u>ISO Reference Rate</u> when the ISIN is created.</p> <ol style="list-style-type: none"> 1. EUR-EuroSTR-COMPOUND > ESTR 2. GBP-SONIA-COMPOUND > SONA 3. GBP-SONIA-OIS-11:00-ICAP > SONA 4. GBP-SONIA-OIS-11:00-TRADITION > SONA 5. GBP-SONIA-OIS-4:15-TRADITION > SONA 6. GBP-WMBA-SONIA-COMPOUND > SONA 7. USD-SOFR-COMPOUND > SOFR 		

Notional Currency	EUR
Expiry Date	23/02/2022
Term of Contract Value	5
Term of Contract Unit	DAYS
Reference Rate	EUR-EuroSTR-COMPOUND
Reference Rate Term Value	4
Reference Rate Term Unit	DAYS
Delivery Type	Physical
Price Multiplier	1

Full Name	Rates Forward FRA_Index 5 DAYS EUR-EuroSTR-COMPOUND 4 DAYS 20220223
Classification Type	JRIXFP
Commodity Derivative Indicator	FALSE
Underlying Asset Type	Interest Rate Index
Return or Payout Trigger	Forward price of underlying instrument
Issuer or Operator of the Trading Venue Identifier	NA
Short Name	NA/Fwd Pr Int Rt Idx EUR 20220223
ISO Reference Rate	EuroSTR-COMPOUND

The 3 new ISO Reference Rates are to be added.

Change Impact	<p>This change impacts the following Asset Classes:</p> <p>RATES OTHER – Where Reference Rate is an Underlying.</p> <p>ISO value to be added to <u>Reference Rate</u>: Rates.Swap.Cross_Currency_Fixed_Float Rates.Swap.Cross_Currency_Fixed_Float_NDS Rates.Swap.Cross_Currency_Zero_Coupon Rates.Swap.Fixed_Float Rates.Swap.Fixed_Float_OIS Rates.Swap.Fixed_Float_Zero_Coupon Rates.Option.Non_Standard Rates.Forward.FRA_Index</p> <p>ISO value to be added to <u>Underlying Instrument Index</u>: Rates.Option.CapFloor</p> <p>ISO value to be added to Other Leg Reference Rate: Rates.Swap.Inflation_Basis*</p> <p><i>*Rates will be added to the OtherLegReferenceRate where the one Of condition is “Inflation vs floating”.</i></p> <p>ISO value to be added to <u>Reference Rate</u> and <u>Other Leg Reference Rate</u>: Rates.Swap.Basis Rates.Swap.Basis_OIS Rates.Swap.Cross_Currency_Basis Rates.Swap.Non_Standard Other.Swap.Non_Standard Other.Option.Non_Standard Other.Other.Non_Standard</p>
Backward Compatibility	N/A – No change to existing ISIN.
Documentation	<p>The following DSB documents are to be updated:</p> <p>DSB UAT Annex 7 Indices : https://www.anna-dsb.com/download/dsb-uat-product-definitions-annex-7-indices/ DSB UAT Product Definitions : https://www.anna-dsb.com/download/dsb-uat-product-definitions/ DSB PROD Annex 7 Indices : https://www.anna-dsb.com/download/dsb-prod-product-definitions-annex-7-indices/ DSB PROD Product Definitions : https://www.anna-dsb.com/download/dsb-prod-product-definitions/</p> <p>A derivation section to be added to the Product Definitions section detailing ESMA’s guidance</p>
References	<p>https://www.iso20022.org/standardsrepository/type/BenchmarkCurveName2Code</p> <p>https://www.esma.europa.eu/file/21278/download?token=7gCWzi_l</p>

CHANGE HISTORY

Version	State	Author	Date	Description
1	Draft	Adam Grace	28/01/2020	Initial Document

INTERNAL INFORMATION

Title	Description
MIS Requirements	Kabana query showing number of ISINs created using updated ISO Code from the date of implementation.

