Derivatives Service Bureau (ISIN)
CHANGE REQUEST FORM

Version	State	Author	Date	Description
1	Draft	M. Surop	06 Dec 2023	Initial Document
2	Draft	M. Surop	09 Jan 2024	Update User Impact section
3	Final	M. Surop	30 Jan 2024	Update documentation links

Title	UPI/OTC ISIN: Mark Option Type/Exercise Style as Optional attributes in Multi-Exotic and Non-Standard Options templates		
Background	At present, Option Type and Exercise Style are mandatory attributes in the UPI definitions whereas in the OTC ISIN definitions, these attributes are optional. Due to misalignment, the request of creating an OTC ISIN is rejected. The creation of an OTC ISIN would be subject to UPI validation. In order to maintain a strict hierarchy within the UPI/OTC ISIN, there is a requirement to: • Align the OTC ISIN and UPI templates for Multi-Exotic and Non-Standard Options to ensure that a parent UPI is added to the OTC ISIN record. • Align the OTC ISIN templates for Commodities & Multi-Asset Non-Standard Options with Multi-Exotic (Commodities) and Non-Standard Options (Credit, Equity, Foreign Exchange, Rates). As agreed by the Product Committee, the DSB is required to update the UPI definitions templates to make the entry of Option Type and Exercise Style "Optional" for Multi-Exotic and Non-Standard Options so UPI can be made available through OTC ISIN creation. As a result of this, there is a requirement to migrate the deprecation that has occurred in the pre-population batch process for OTC ISIN.	**DSB-ID** **DSB-3488** **Service** UPI/OTC ISIN **Type** Template **Owner** M. Surop **Version** 3 **State** Final	

Terms of Reference

Scope	In-scope: • This CRF covers the input (Request) and output (Record) templates of Multi-Exotic and Non-Standard Options for UPI and OTC ISIN. Out of scope: • All standard Options for UPI and OTC ISIN. • Multi-Asset product templates (i.e., Other/Other/Non-Standard) for UPI and OTC ISIN.
Requirements	• There is a requirement to align the OTC ISIN and UPI templates for Multi-Exotic and Non-Standard Options. • Update the UPI definitions to make the entry of Option Type and Exercise Style "Optional" for Multi-Exotic and Non-Standard Options.
Assumptions	• It is assumed that OTC ISIN and UPI for these products would be created with an "X" in CFI char: Attr#2 of the derived ISO 10962 CFI Code. • It is assumed that all OTC ISINs created with no parent UPI have been set to a status of "Deprecated" which would need to be migrated to have a parent UPI once change is implemented.

Product Definition

Change Details (UPI)	In order to maintain a strict hierarchy within the UPI/OTC ISIN, there is a requirement to align the OTC ISIN and UPI templates for Multi-Exotic and Non-Standard Options to ensure that a parent UPI is added to the OTC ISIN record. The following changes are needed in order to meet the above requirements.

a. Update all impacted UPI Product Definitions templates.
This is to update all impacted UPI product definitions templates to make the entry of Option Type and Option Exercise Style "Optional" attributes in the Request and Record templates for Multi-Exotic and Non-Standard Options.

Please see Masterfile for each asset class that contains the Request and Record template layouts:
- UPI Product Definitions Masterfile - COMMODITIES (See UPI-CO OPT 088 & UPI-CO OPT 089)
- UPI Product Definitions Masterfile - CREDIT (See UPI-CR OPT 086)
- UPI Product Definitions Masterfile - EQUITY (See UPI-EQ OPT 094)
- UPI Product Definitions Masterfile - FOREIGN EXCHANGE (See UPI-FX OPT 101)
- UPI Product Definitions Masterfile - OTHER (See UPI-OT OPT 104)
- UPI Product Definitions Masterfile - RATES (See UPI-RT OPT 083)

b. Add Validation for Option Type and Option Exercise Style attributes.
Add validation rule for Option Type and Option Exercise Style as Optional attributes in all impacted UPI Request and Record templates. Once change is implemented, user is able to select or unselect Option Type and Option Exercise Style at the same time in the Request templates.

Please see UPI & OTC ISIN Product Validation Document (Other Attributes Validation).

c. Update Derivation for UPI Derived attributes.
Once change is implemented, user is able to select and unselect Option Type and Option Exercise Style, there is a requirement to add derivation rules for the following derived attributes in the UPI Record templates.
- **Classification Type**
  UPI for these products can be created with an "X" in Attr#2 of the derived ISO 10962 (CFI) Code.
- **Short Name**
  UPI for these products can be created with no equivalent abbreviation for Option Type and Option Exercise Style in Short Name.
- **CFI Option Style and Type**
  UPI for these products can be created with CFI Option Style and Type attribute value **"Not applicable/undefined"** in the derived section of the Record template.

Please see list of UPI Non-Standard Options products where derived attributes are impacted for this change in Appendix 1.

For full details of derivation rules, please see the following Product Definitions Documents:
- UPI Product Definition Commodities.Option.Multi_Exotic_Option
- UPI Product Definition Commodities.Option.Non_Standard
- UPI Product Definition Credit.Option.Non_Standard
- UPI Product Definition Equity.Option.Non_Standard
- UPI Product Definition Foreign_Exchange.Option.Non_Standard
- UPI Product Definition Rates.Option.Non_Standard
- UPI Product Definition Other.Option.Non_Standard

Change Details (OTC ISIN)	At present, Option Type and Option Exercise Style are mandatory attributes to the following OTC ISIN Non_Standard Options:
	• Commodities/ Option/ Non_Standard
	• Other/ Option/ Non_Standard
	
	In order to maintain the same functionality across all OTC ISIN Non-Standard Options, there is a requirement to update the above OTC ISIN templates to make the entry of Option Type and Option Exercise Style as "Optional". The following changes are required to align all OTC ISIN Non-Standard Options:
	
	a. Update all impacted OTC ISIN Product Definitions templates.
	This is to update all impacted OTC ISIN product definitions templates to make the entry of Option Type and Option Exercise Style "Optional" attributes in the Request and Record templates for Non-Standard Options.
	
	Please see Masterfile for each asset class which contains the Request and Record template layouts:
	a. OTC ISIN Product Definitions Masterfile - COMMODITIES (See ISIN-CO OPT 089)
	b. OTC ISIN Product Definitions Masterfile - OTHER (See ISIN-OT OPT 104)
	
	b. Add Validation rules for Option Type and Option Exercise Style attributes.
	Add validation for Option Type and Option Exercise Style as Optional attributes in all impacted OTC ISIN Request and Record templates. Once change is implemented, user is able to select or unselect Option Type and Option Exercise Style at the same time in the Request templates.
	
	Please see UPI & OTC ISIN Product Validation Document (Other Attributes Validation).
	
	c. Update Derivation for OTC ISIN Derived attributes.
	Once change is implemented, user is able to select and unselect Option Type and Option Exercise Style, there is a requirement to add derivation rules for the following derived attributes in the OTC ISIN Record templates:
	• **Classification Type**
	  OTC ISIN for these products can be created with an "X" in Attr#2 of the derived ISO 10962 (CFI) Code.
	• **Short Name**
	  OTC ISIN for these products can be created with no equivalent abbreviation for Option Type and Option Exercise Style in Short Name.
	• **CFI Option Style and Type**
	  OTC ISIN for these products can be created with CFI Option Style and Type attribute value **"Not applicable/undefined"** in the derived section of the Record template.
	
	Please see list of OTC ISIN Non-Standard Options products where derived attributes are impacted for this change in Appendix 1.
	
	For full details of derivation rules, please see the following Product Definitions Documents:
	• OTC ISIN Product Definition Commodities.Option.Non_Standard
	• OTC ISIN Product Definition Other.Option.Non_Standard

Impacted Product	The following Request and Record templates are impacted for this change:
	• **UPI Product Definitions Templates**
	  1. Commodities/ Option/ Multi_Exotic_Option
	  2. Commodities/ Option/ Non_Standard
	  3. Credit/ Option/ Non_Standard
	  4. Equity/ Option/ Non_Standard
	  5. Foreign_Exchange/ Option/ Non_Standard
	  6. Rates /Option /Non_Standard
	  7. Other /Option /Non_Standard
	
	• **OTC ISIN Product Definitions Templates**
	  1. Commodities/ Option/ Non_Standard
	  2. Other/ Option/ Non_Standard

Normalization	Normalization rules remain unchanged.

User Impact?	**Yes**	Users will need to download the updated Request and Record templates to access the changes specified in Change Details section.

	Versions	The version number of all in-scope Record templates will not be impacted due to minor change in Option Type and Option Exercise Style as Optional attributes.

Use Cases		For each of the in-scope templates:
		• **Valid Request:**
		  1. UPI
		    ◦ UPI for these products can be created if Option Type / Option Exercise Style are selected.
		    ◦ UPI for these products can be created if Option Type / Option Exercise Style are <u>NOT</u> selected.
		    ◦ Derivation of Classification Type (CFI Code), Short Name, CFI Option Style and Type must be met if Option Type / Option Exercise Style are selected.
		    ◦ Derivation of Classification Type (CFI Code), Short Name, CFI Option Style and Type must be met if Option Style / Option Exercise Style are <u>NOT</u> selected.
		  2. OTC ISIN
		    ◦ OTC ISIN for these products can be created if Option Type / Option Exercise Style are selected.
		    ◦ OTC ISIN for these products can be created if Option Type / Option Exercise style are <u>NOT</u> selected.
		    ◦ Derivation of Classification Type (CFI Code), Short Name, CFI Option Style and Type must be met if Option Tyle / Option Exercise Style are selected.
		    ◦ Derivation of Classification Type (CFI Code), Short Name, CFI Option Style and Type must be met if Option Style / Option Exercise Style are <u>NOT</u> selected.
		• **Invalid Request:**
		User sends in a payload for UPI or OTC ISIN that contains value of Option Type and Option Exercise Style attributes that are not included in the existing DSB enumerated list.

Backward Compatibility		No breaking change and no backward compatibility issues as DSB is loosening up the validation rules for the use of Option Type and Option Exercise Style attributes in Multi-Exotic and Non-Standard Options. For OTC ISINs created with status "Deprecated" without the parent UPI, these are to be migrated once this change is implemented.
Additional Information		
Documentation		The following DSB documents are to be updated: **1. UPI Product Definitions Masterfile** • UPI Product Definitions Masterfile - COMMODITIES • UPI Product Definitions Masterfile - CREDIT • UPI Product Definitions Masterfile - EQUITY • UPI Product Definitions Masterfile - FOREIGN EXCHANGE • UPI Product Definitions Masterfile - OTHER • UPI Product Definitions Masterfile - RATES **2. UPI Product Definitions Document** • UPI Product Definition Commodities.Option.Multi_Exotic_Option • UPI Product Definition Commodities.Option.Non_Standard • UPI Product Definition Credit.Option.Non_Standard • UPI Product Definition Equity.Option.Non_Standard • UPI Product Definition Foreign_Exchange.Option.Non_Standard • UPI Product Definition Other.Option.Non_Standard • UPI Product Definition Rates.Option.Non_Standard **3. OTC ISIN Product Definitions Masterfile** • OTC ISIN Product Definitions Masterfile - COMMODITIES • OTC ISIN Product Definitions Masterfile - OTHER **4. OTC ISIN Product Definitions Document** • OTC ISIN Product Definition Commodities.Option.Non_Standard • OTC ISIN Product Definition Other.Option.Non_Standard
Reference		• UPI & OTC ISIN Product Validation Document (Other Attributes Validation) • UPI & OTC ISIN Product Definitions Document for Multi-Exotic and Non-Standard Options
Comments		• The members of the PC agreed to update the UPI to make entry of Option Type / Option Exercise Style optional for Multi-Exotic and Non-Standard Options.

	• For OTC ISINs created with status "Deprecated", there is a requirement to migrate the deprecation that has occurred in the pre-population batch process once change is implemented.

Appendix 1: Impacted Derived Attributes

The table below provides the list of UPI/OTC ISIN Options products where derived attributes are impacted for this change.

Asset Class	Instrument Type	Product	Classification Type (Attr#2)	Short Name	CFI Option Style and Type
UPI:					
Commodities	Option	Multi-Exotic Option	Yes	Yes	Yes
Commodities	Option	Non-Standard	Yes	Yes	Yes
Credit	Option	Non-Standard	Yes	No	Yes
Equity	Option	Non-Standard	Yes	Yes	Yes
Foreign Exchange	Option	Non-Standard	Yes	No	Yes
Rates	Option	Non-Standard	Yes	No	Yes
Other	Option	Non-Standard	Yes	No	Yes
OTC ISIN:					
Commodities	Option	Non-Standard	Yes	Yes	No
Other	Option	Non-Standard	Yes	No	Yes

Appendix 2: OTC ISIN Metrics

The table below provides the OTC ISIN metrics based on total create requests (May – Oct 2023).

Asset Class	Instrument Type	Product	Total Creates	No Option Type	%
Rates	Option	Non-Standard	13,637	149	1%
Credit	Option	Non-Standard	124	1	1%
Equity	Option	Non-Standard	485,558	17,237	4%
Foreign Exchange	Option	Non-Standard	36,179	10,056	28%
Commodities	Option	Multi-Exotic	1,546	92	6%
Other	Option	Non-Standard	143	-	0%
Total			**537,187**	**27,535**	**5%**

The table below provides the OTC ISIN metrics based on total create requests (Oct 2017 – Oct 2023).

Asset Class	Instrument Type	Product	Total Creates	No Option Type	%	Expired
Rates	Option	Non-Standard	95,189	3,137	3%	39
Credit	Option	Non-Standard	626	2	0%	-
Equity	Option	Non-Standard	4,555,627	209,576	5%	1,480
Foreign Exchange	Option	Non-Standard	345,978	142,163	41%	16,759
Commodities	Option	Multi-Exotic	11,831	263	2%	-
Other	Option	Non-Standard	3,864	-	0%	-
Total			**5,013,115**	**355,141**	**7%**	**18,278**