

DSB COMMODITIES TASKFORCE MINUTES

Date: 04-Mar-2019 **Time:** 16.00 – 17.00 BST **Location:** Teleconference

In attendance:

Committee Members Tia Ellerman, Citi Richard French, BAML Harry McAllister, BNP Paribas Benjamin Power, JP Morgan Jacob Stevens, Morgan Stanley Stephanie Talbot, BAML Hussain Tambawala, Goldman Sachs Onur Turgay, JP Morgan Paul Turner, BAML	DSB Secretariat / PMO Nathan Dagg, DSB Sec. Malavika Solanki, DSB PMO Simon Wiltshire, DSB Sec.
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Apologies:

Shaun Aston, Goldman Sachs
Kim Delaney, BAML
Jourik de Lange, Smartstream RDU
Mark Hall, JP Morgan
Oliver Mistry, Goldman Sachs
Russell Lowell, BAML
Paul Savage, Citi
Jay Shotton, JP Morgan

No	Topics
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1	Commodities Indices
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- Participants reviewed definitions for the terms “multi-commodity” and “index” as set out in the current CFI standard (first attribute):
 - I (Index) : “a swap where the underlying reference entity is a commodity index.”
 - Q (Multi-Commodity) : “a swap that references multiple commodity underlying types.”
- The meeting agreed that there was a requirement to introduce a set of product templates for Single Commodity Index instruments.
This would result in the development of the following templates – with the naming convention aligned with that for other asset classes:
 - Commodity / Swap / Single_Index
 - Commodity / Option / Single_Index
 - Commodity / Forward / Single_Index
- The new templates would support the creation of ISINs with the following characteristics:
 - One asset-specific Base Product (e.g.: Energy, Agriculture, Freight, Other etc.) using the values defined in ISO 20022 (as used in RTS 23 but excluding MCEX).
 - One underlying Index – either Instrument Index or Proprietary Index.
 - Other values (e.g.: Notional Currency, Expiry Type, Transaction Type etc.) would be based on the existing Commodity templates.

In order to progress with the detailed definition, the DSB will arrange a further conference call at which the group will be asked to consider the following questions:

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- Should the Single_Index templates include an Underlying Reference Rate (e.g.: “NATURAL GAS-NYMEX”, “COPPER-LME CASH” etc.)?
 - For the Single Commodity Index Swap, Option and Forward templates, are the following CFI derivations correct for underlying asset?
 - CFI 2015 : Attr. 1 / Char. 3 (underlying asset) : “I” (Index)
 - CFI 2019 : Attr. 1 / Char. 3 (underlying asset) : “I” (Index Single Commodity)Note: this will need to be extended if multiple Underlying Indices are supported.
 - What is the best method of avoiding duplicate ISINs – ie: the same attributes being used in Single Commodity and Multi-Exotic templates?
 - Provide Best Practice guidance to the user community.
 - Remove asset-specific base product entries (AGRI, NRGY etc) from the Multi-Exotic templates and adjust the validation.
 - Should provisions be made for Single Commodity Basket instruments? i.e. one asset-specific base product with multiple underlying indices – proprietary or otherwise.
 - **Action** : DSB Secretariat agreed to arrange a follow-up meeting of the Commodities Taskforce, to take place in a fortnight to discuss the questions listed above.
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Respectfully submitted,

DSB Secretariat