

December 30, 2016

To: ANNA Derivatives Service Bureau
c/o DSB-PC-Secretariat@etradingsoftware.com

Re: Consultation Paper Phase 1 of 9th December 2016

From: Bloomberg L.P.
For questions regarding this response, please contact:
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Responses to questions are as follows;

No.	Question	CP Ref	Response
1	Are there any products expected to be tradeable on a trading venue by Jan 3, 2018 that will not be covered by the combination of the above CFI Codes?	3	<p>At a high level all the derivative products covered by MiFID would probably fit into some combination of the CFI codes mentioned.</p> <p>Greater clarity, however, is needed about the scope of the derivatives products expected to be covered by the DSB. This scope confirmation must address two areas specifically:</p> <ol style="list-style-type: none">1) Whether the DSB will include products admitted to trading on a venue (but not actually traded), together with products traded by SIs which relate to an underlier trading on a venue.2) The industry needs an explicit mapping of which CFI codes would be considered under the auspice of the DSB, versus those CFI codes against which ISINs will be issued by the ASB (see Question 3, where 'listed options' are addressed, which introduces confusion over if the ASB or DSB would be responsible for such products).
2	Are there any products covered by the combination of CFI Codes that will not be tradeable on a trading venue by Jan 3, 2018?	3	<p>See the answer to Q1 in terms of ISIN scope. However it is likely that across all CFI combinations it is feasible that something may be classified as a Rates/Swap, yet still be a bilateral product for MiFID purposes. Indeed the trading mandate in MiFID will not apply to all current OTC products, and some of them may well fall into the CFI classifications given. It is less likely that within these broad classifications we would encounter a situation where no product under a particular classification was</p>

			likely outside the scope of MiFID's ISIN requirements. Until there is more clarity around TOTV from ESMA it is very hard to be more precise on this.
3	Within the CFI Code 'H', the DSB will focus on non-listed options. Do you know any complex listed options that are in scope of MiFID II, tradeable on a trading venue and do not currently have an ISIN issued by their NNA? If so, please give as much detail as possible about the product including the venue name.	3	The ANNA Annual Report includes lists of markets where ISINs are not currently assigned against listed derivatives by individual NNA. For example, this shows that in some EU markets eg Finland, Denmark, Luxembourg, ISINs are not assigned against such assets. ANNA needs to make clear how such non-DSB derivatives will be covered by each of the respective NNAs. Failure to do so risks leaving significant gaps in the ISIN coverage required for MiFID.
4	Do participants agree that this is the most appropriate approach for prioritization of products? If not please provide an alternative approach and rationale.	4	It may well be but we believe that the data sample used to underpin these tables is very small and possibly unrepresentative. In the end, if the instrument is subject to regulation it will need to be ready. Any 'prioritization' may be misleading.
5	Given the tight deadline of April 2017 for UAT, is there sufficient time for the industry to respond? If not, please explain and provide evidence of how extending the duration of the consultation period will not detrimentally affect the implementation of OTC Derivative ISINs for the industry.	5	The timing of the consultation is less than ideal and it is not clear what difference the responses will make to the development process. As we do not know how much work has already been done on the DSB it is very difficult to know the implications of extending the duration of the consultation. We understand that this is the first of several consultations, the cumulative effect of which we cannot know. Nevertheless there must be concern that fundamental questions of a product and operational nature are being consulted upon so late in the day by the DSB.
6	Are you aware of any other regulatory requirements (beyond MAR, EMIR and SFTR) that require an ISIN for OTC Derivatives? If so, please identify and specify how that ISIN definition must be different from the one to meet the above requirements.	6.1	These EU regulations, with their associated reporting requirements, are the only examples of a mandated use of ISIN that we are aware of.
7	The first phase of the DSB PC ISIN definition will focus on defining a single level of an ISIN, within a potential yet-to-be-defined hierarchy, to meet the immediate requirement. Are there other immediate regulatory requirements the ISIN must meet that will need multiple levels of	6.1	See our answer to Q6

	ISIN definition? Please specify the requirement and the reason in detail.		
8	If in the future the DSB implemented an ISIN at a different level in the hierarchy, for example, one that met CPMI-IOSCO requirements, how much of a challenge would that be for industry to implement?	6.1	It depends on the data elements used to define what constitutes an ISIN.
9	Do you know of any products within scope of MiFID II that require additional fields from RTS 2 to be included in the ISIN definition? If so, please identify them and describe why they are required.	6.1	Under RTS 23, Trading Venues are not obliged currently to report all of RTS 2 reference data elements against their ISIN submission. So this creates something of an anomaly if firms subsequently need to use that ISIN for post trade reporting. ESMA should provide clarity on this point.
10	Do you think the proposed single ISIN level, in addition to the Reference Data requirements under RTS23, must satisfy MiFID Transparency requirements under RTS2? If so, can you provide an explanation and examples where ISIN satisfying Reference Data (RTS23) will not be fit for Transparency (RTS2) use?	6.1	See our answer to Q9, but essentially as the way ESMA have implemented ISIN in the RTSs is related back to the requirements given in RTS 23, then for ESMA reporting purposes the ISIN fields given in RTS 23 must be viewed as the anchor requirement for MiFID. Hence all post trade and transaction reporting under RTS 2 and 22 requiring an ISIN would appear to refer back to the ISIN as specified in RTS 23, pending further written clarification from ESMA.
11	Do you think the proposed granularity level is appropriate for the purpose of TOTV? If not, why?	6.1	This cannot be answered definitively pending further clarification of TOTV by ESMA.
12	Do participants agree that CFI is the most appropriate taxonomy to use in identifying the product Templates? If not please provide an alternative approach and rationale.	6.2	ISDA Taxonomy provides a more appropriate specific definition of OTC derivative instruments. That being said, ESMA has required CFI be used in the reporting itself.
13	Do you agree with the approach of shared responsibility for data validation, bearing in mind the specific data and cost challenges that might be incurred if it were to reside wholly in either the user-base or the DSB? Please provide detailed examples in your response.	6.3	We cannot comment in regards to how the DSB may be approaching data quality without more detail on technical and data structures. However, shared quality models have specific challenges that do not have a pure direct cost savings trade off. Models where there is no prime responsibility for data quality do run a high risk of data quality problems.
14	Do you know any other IP issues the DSB Product Committee must	6.4	

	consider whilst specifying the granularities of the products in scope? If so, please provide the details of the attribute values and their current owners.		We cannot comment on if one third party may or may not have IP obligations to another third party. However we would appreciate clarity on how the DSB will make specific reference data available to the market.
15	Do you agree with the approach to use ISO Standard Currency codes in insolation thereby excluding offshore currencies? The FpML WG has a solution to ISDA & CPMI/IOSCO which could be adopted or at a minimum referenced should there be a consensus.	6.5.1	In general we would support the use of ISO codes, but recognize that there could be circumstances where off-shore codes are needed. We would suggest the DSB take note of wider industry feedback on this question.
16	Are there additional attributes that must be included in the ISIN to cover products that will be tradeable on a trading venue by Jan 03, 2018? If so, please list the product (by CFI Code and/or FpML taxonomy) and the attribute(s) and their possible enumerations.	6.5.3	Please refer to our previous responses to ISIN granularity.
17	Are there products where none of those fields are relevant for the definition of the underlying? If so, please provide detailed examples	6.5.3	For instruments likely to be caught in the scope of MiFID these underlier fields should be sufficient.
18	Are their products where more than one of those fields are required for its definition? If so, please provide detailed examples.	6.5.3	Within the scope of MiFID we do not think so.
19	Is there anything in the excluded list of attributes that should be included in the ISIN definition for an OTC Derivative?	6.5.4	As mentioned above we clearly need further guidance from ESMA on the full extent of their expectations for ISIN definition under RTS 23. For example, the DSB proposal not to allocate ISIN against the venue fields means firms will have to add these in separately. The question then is that in ESMA's database the venue fields will be recorded against the ISIN as submitted, but these fields will not be recorded against the ISIN held by the DSB. If another trading venue trades the same product that day then ESMA will have the same ISIN reported against two separate trading venues and presumably two separate records to this effect within the ESMA database.
20	For those products included in the Annex, are there attributes that have not been included that you recommend the committee include in order to meet the immediate	7	This appears to be a duplicate of earlier questions.

	regulatory requirements for the ISIN? Please include an example of the attribute, describe the attributes completely and the reason for its inclusion.		
21	For those products included in the Annex, are there attributes that have been included but are not needed to meet the immediate regulatory requirements for the ISIN? Please describe the attributes and explain why they can be excluded.	7	As with other questions concerning which attributes to include or exclude, the document is using RTS23 as its guide. Therefore, that should provide a definitive list subject to further clarification from ESMA, as mentioned above, with reference to the RTS2 reference data. It is not clear why any attributes would be excluded unless ESMA agrees to drop the requirement for such attributes to be reported under RTS23
22	Do you agree with the rules used to derive the FISN for those products listed? If not, please explain your reasoning.	7	It is unclear what rules are being indicated for issuance of a FISN. It appears repetitive given it restates original data and is duplicative.
23	Do you agree with the rules used to derive the Instrument Full Name for those products listed? If not, please explain your reasoning.	7	It is unclear what rules are being indicated for issuance of Full Name.
24	Do you agree with the rules used to derive the CFI Code for those products listed? If not, please explain your reasoning.	7	As CFI is required under RTS23, the derivation of CFI should be according to the CFI standard. However, as per response to Question #1, it should be made clear what universe of CFI the DSB is responsible for as opposed to what the ASB will have ownership of for issuance of the corresponding ISIN.
25	Do you agree with the rule used to derive the Issuer for those products listed? If not, please explain your reasoning.	7	Across types, it is difficult to state with certainty that 'Issuer' will be consistent.