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ANNA DSB

Via email: DSB-PC-Secretariat@etradingsoftware.com.

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ANNA DSB Product Committee Consultation Paper Phase 1 – Final (comment period ends 4 January 2017)

Dear Sirs,

BVI¹ appreciates very much the ANNA DSB as a means to extend the use of ISINs from the current stage to the full range of OTC derivative instruments. We thank you for the opportunity to comment on this important initiative. Our comments can be made public.

General Remarks

The ANNA DSB will help our members

- to fulfill regulatory requirements,
- to streamline the straight through processing across all asset classes,
- to reduce the number of errors in interfacing with the various partners and
- Therefore to allow to offer a competitive product.

From a buy-side point of view the pre-trade availability of a globally agreed and standardized set of reference data attached to an identifier such as the ISIN which in turn enables (in a first phase) automation of regulatory reporting as well as (in a second phase) trading, clearing, settlement and collateral management would be a huge step forward for the (OTC) derivative markets.

It is most important for our members move to automation based on standardization to have a widely accepted international identifier and associated reference data without any usage restrictions because of intellectual property rights as other identifiers in this area, such as the Markit RED code.

¹ BVI represents the interests of the German investment fund and asset management industry. Its 98 members manage assets of some EUR 2.8 trillion in UCITS, AIFs and discretionary mandates. As such, BVI is committed to promoting a level playing field for all investors. BVI members manage, directly or indirectly, the investments for 50 million private clients in over 21 million households. BVI's ID number in the EU Transparency Register is 96816064173-47. For more information, please visit www.bvi.de/en.

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The German fund industry clearly and consistently supports the use of ISO standards such as CFI, ISIN and LEI. On the buy side ISO standard usage in derivative trading is currently much more common than FpML usage as the former is less demanding and cost sensitive in implementation. However, ISO standards, including ISO 15022 and ISO20022, do currently not address the full message and automation needs of the industry with respect to trading, clearing, settlement, and collateralization of OTC derivatives. As currently only larger asset managers and sell side institutions can or could probably cope with both FpML and ISO standards worlds, we overall feel a preference for ISO standards, also to ensure broad regulatory acceptance of any industry solution.

However, it needs to be recognized that the use of the FpML taxonomy was recommended by the Use Case Validation Team Leads as part of ISO SG2 work. The fully established and more granular FpML taxonomy could therefore be used as the basis of an expanded ISIN reference data model after the DSB is fully able to support the task at hand in 2017, i.e. EU regulatory reporting. ISO and ANNA should work closely with ISDA to align FpML taxonomy with the CFI and ISO20022 dictionary and data model. This may help to ease the implementation burden for all players independent of their size going forward and will also insure that large industry player's investment in FpML implementation can be leveraged through the ANNA DSB going forward too.

Specific Remarks

Q1: Are there any products expected to be tradable on a trading venue by Jan 3, 2018 that will not be covered by the combination of the above CFI Codes?

We think the CFI code list is sufficient for a start and contains the relevant instruments.

Q2: Are there any products covered by the combination of CFI Codes that will not be tradable on a trading venue by Jan 3, 2018?

We do not see any.

Q3: 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, tradable 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.

We believe the list contains the relevant instruments. Currently such other instruments are not used by the buy-side.

Q4: Do participants agree that this is the most appropriate approach for prioritization of products? If not please provide an alternative approach and rationale.

The prioritization of product order should be based on volume. Therefore, we agree that CDS, IRS, FFX and options are the most important.

Q5: 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.

We do not see major difficulties.



Q6: 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.

We expect ISINs to be referenced in upcoming RTS, standards and regulations. Currently only the ones above are known, but we should be ready and foresee that it get more going forward.

From a buy-side point of view the pre-trade availability of a globally agreed standardized set of reference data attached to an ISIN which in enables automation of regulatory reporting as well as trading, clearing, settlement and collateral management would be a huge step forward for the (OTC) derivative markets. To this end the buy-side considers to request ISINs on all OTC products independent of regulatory requirements going forward in order to have pre-trade access to the necessary standardized reference data on all OTC derivative instruments going forward.

Q7: 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 ISIN definition? Please specify the requirement and the reason in detail.

A single level of ISIN is currently good enough. We do not see an immediate need to identify single legs.

Q8: 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?

A single level of ISIN is currently good enough. We do not see an immediate need to identify single legs. On the other hand we see ourselves most times as consumer of the data and would not have issues with adoption as long as the first level of the hierarchy is still maintained.

Q9: 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.

We think the list is complete enough for a start and contains the relevant data

Q10: 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?

BVI supports a DSB service which supports all regulatory reporting and transparency requirements. We do not have more specific comments at this stage.

Q11: Do you think the proposed granularity level is appropriate for the purpose of TOTV? If not, why?

We think the level of granularity is appropriate. A more fine grained approach would add more complexity.



Q12: 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.

We think CFI is the most appropriate identifier currently. We have very good experience already with the usage of CFI as UPI in EMIR and data is available and assignment is clear on CFI. At the moment, a more complex taxonomy would be an additional burden.

Q13: 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.

The current approach sounds very pragmatic and fair. However it could be challenging to make it workable.

Q14: Do you know any other IP issues the DSB Product Committee must consider whilst specifying the granularities of the products in scope? If so, please provide the details of the attribute values and their current owners.

For the current enumeration of data the list seems to be complete. It is important that the ISIN is free from any intellectual property rights restrictions which would enable license contract requests, and not just free of charge.

Q15: 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.

We see this approach as being in line with the current market practice.

Q16: Are there additional attributes that must be included in the ISIN to cover products that will be tradable 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.

We think the list is complete enough for a start as it contains all relevant data.

Q17: Are there products where none of those fields are relevant for the definition of the underlying? If so, please provide detailed examples

Such products are currently not in scope for major investments.

Q18: Are their products where more than one of those fields are required for its definition? If so, please provide detailed examples.

It would be helpful to have field 27 filled with the LEI of the issuer even when field 26 is provided. This requires changing the description of field 27.

Q19: Is there anything in the excluded list of attributes that should be included in the ISIN definition for an OTC Derivative?

We believe the list is complete.



Q20: 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 regulatory requirements for the ISIN? Please include an example of the attribute, describe the attributes completely and the reason for its inclusion.

We think those attributes are not necessary for identification and belong more to the market data area.

Q21: 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.

We agree.

Q22: Do you agree with the rules used to derive the FISN for those products listed? If not, please explain your reasoning.

We agree.

Q23: Do you agree with the rules used to derive the Instrument Full Name for those products listed? If not, please explain your reasoning.

We agree.

Q24: Do you agree with the rules used to derive the CFI Code for those products listed? If not, please explain your reasoning.

We agree.

Q25: Do you agree with the rule used to derive the Issuer for those products listed? If not, please explain your reasoning.

We agree.

Yours sincerely,

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