



6 January, 2017

Submitted via email to:

DSB-PC-Secretariat@etradingsoftware.com

Derivatives Service Bureau Product Secretariat

Re: ANNA Derivatives Service Bureau ISIN for OTC Derivatives - Product Committee - Phase 1 Consultation

Dear Secretariat(s):

Intercontinental Exchange, Inc. (ICE) appreciates the opportunity to comment on the Association of National Numbering Agencies (ANNA) Derivatives Service Bureau (DSB) and the ANNA DSB Product Committee Consultation Paper Phase 1 (dated 9th December 2016¹) that seeks to initially apply financial instrument unique product identifier (UPI - ISIN) standards for OTC Derivatives.

ICE is a leading operator of global exchanges and clearing houses and a provider of data and listing services that are impacted by the wide-ranging legislation introduced with MiFID II regulations.

1. Paper available at: <http://www.anna-web.org/dsb-consultation-pc-phase-1/>

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Please see ICE's responses to select questions below.

Q 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?

The CFI code appears to cover all product combinations for trading venues for OTC Derivatives, however it is difficult to fully answer since it's unclear which trading venues and products will register. It would also be helpful if instruments captured in the 'Miscellaneous' category can be identified.

Q 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?

Please see answer in question number 1.

Q 4: (Product Roadmap) Do participants agree that this is the most appropriate approach for prioritization of products? If not please provide an alternative approach and rationale

We believe the prioritization should be based on instruments registered by trading venues, instrument liquidity (that meets the ESMA MiFID II Technical Implementing Standards - Annex III Liquidity Assessments), and clearing mandates for a given OTC Derivative instrument. We are concerned with the current prioritization list, for example in Credit one of the most liquid indices (CDX) seems to be missing and is likely to be ToTV. Incorrect prioritization could cause significant difficulties and ideally ESMA will add clarity as other jurisdictions have done when listing the liquid instruments.

Please see the DTCC TIW CDS weekly activity by instrument (<http://www.dtcc.com/market-data/section-3/table-17>), or the Swap Data/Trade Repositories (Rates, Commodities) that may help in this prioritization assessment prior to ESMA publishing instrument liquidity details.

Regardless of prioritization it's imperative that the full scope of the MiFID II requirements be addressed.

Q 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.

The April 2017 deadline is challenging considering that there are still many open questions from the ISO/TC68/SC4 Study Group 2 (SG2) and clarifications required from ESMA. Many of the open SG2 issues are complex to solve and time will be needed to address them.



Q 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

An ISIN-like UPI is mentioned in non-EU jurisdiction regulations such as the U.S. CFTC, SEC and Canada for OTC Derivative trade reporting and those jurisdictions identify the requirement of an accepted standard UPI as required for trade reporting.

Q 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?

In order to meet varied regulatory and business requirements a hierarchy approach would improve the usefulness of the ISIN. It will be more challenging to adopt the change if implemented in the future, so accounting for a hierarchy in the initial design will ease the future implementation.

Q 11: Do you think the proposed granularity level is appropriate for the purpose of TOTV? If not, why?

There needs to be a further discussion regarding ISIN and TOTV in relation to clearing house and tenor. Today, trade venues have added the clearing house for many OTC instruments as a unique attribute (e.g. a CDX index clearing at ICE). Other attributes like tenor are critical (e.g. 5 year versus a specific maturity date).

Q 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

For Credit we recommend adding the contractual transaction type (e.g. StandardEuropeanCorporate).

In general the source of the taxonomies should remain non-proprietary to avoid any undue costs or conflicts imposed on ANNA or market participants.

Q 13: Do you agree with the approach of clearly allocated responsibility for data validation for different products, 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.

We believe that the DSB ISIN platform can perform a significant amount of basic validations prior to accepting a new ISIN but mistakes are likely to occur. Similar to ISDA SIMM risk buckets and the LEI, a process where a DSB user base can flag an ISIN to dispute its contents would help the industry deal with such discrepancies.



Q 14: 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

There are open questions already raised in the ISO/TC68/SC4 Study Group 2 (SG2) regarding intellectual property that requires further discussion.

Q 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.

Please see the answer to question number 11.

Additionally, for Credit Derivatives there are a few fields not included in the RTS (e.g. Restructuring, Contractual Definitions, Standardized Reference Obligation, and Valid From Date for succession events) that are known opens from the ISO/TC68/SC4 Study Group 2 which would need to be accounted for in the ISIN.

We feel that there is a need for more examples added to the Annex I master to allow for improved vetting of the ISIN fields across more scenarios.

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

Please see the answer to question number 16.

Q 23: Do you agree with the rules used to derive the Instrument Full Name for those products listed? If not, please explain your reasoning.

For Credit instruments, the full underlying entity name or index name would be more useful.

For additional questions or feedback, please contact Joseph Berardo at joseph.berardo@theice.com