

## DSB PRODUCT COMMITTEE MEETING MINUTES

**Meeting:** The 20th DSB Product Committee Meeting

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**Date:** 09-May-2017                      **Time:** 15.30 – 16.30 BST                      **Location:** Teleconference

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**Chairperson:** Ayala Truelove, DSB (Interim) Chair

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**In attendance:**

<p><b>Committee Members</b> Joseph Berardo, Intercontinental Exchange Tia Ellerman, CITI Peter Gratwick, JP Morgan Danielle Wissmar, GSAM Stephen White, Fidelity Trevor Mallinson, Bloomberg Trading Facility</p> <p><b>ANNA Board (Observer)</b> Emma Kalliomaki</p>	<p><b>Regulators (Observers)</b> Takahiro Onojima, JSDA Robert Stowsky, CPMI-IOSCO Alejandro De La Rocha</p> <p><b>DSB Secretariat / PMO</b> Kuhan Tharmananthar Natalia Kozlovich</p>
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**Apologies:** Franz Rockermeier, Allianz Global Investors  
Stephen White, Fidelity  
Bill Stenning, Société Generale

**Absences:**

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<b>No</b>	<b>Topics</b>
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**1**            **Open Actions**

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- **Action 85:** To be discussed in this meeting
  - **Action 86:** Target discussion for 23 May 2017
  - **Action 89:** Target discussion for 23 May 2017
  - **Action 90:** Use of ‘defaulted values’ over FIX is technically feasible with a small uplift to the costs (~€30K). The Product Committee agreed that the DSB should implement this additional functionality and the proposal should be presented to the DSB Board for budget approval
    - **Action:** Secretariat to present new FIX defaulted values functionality and budget uplift to DSB Board for approval
  - **Actions 91-93:** Chair has discussed the challenge with credit underliers with the FCA and is awaiting feedback. In the meantime, Chair is also gathering further data to size the problem.
    - Member stated that of the top 1,000 names only a third have LEIs. Of that third it wasn’t clear how many had an ISIN specified as the SRO. Member also stated that ISINs as an underlier are not appropriate for CDS
    - Another member stated that there are only approximately 100 liquid names being traded. In addition, there have been previous discussions with GLEIF and the FCA regarding the allocation of an ‘interim LEI’ – one that does not need certification by the identified party
    - **Action:** Secretariat to request the Chair to investigate the interim LEI option with regulators and GLEIF
  - **Action 94:** Secretariat stated that ESMA have been clear regarding the equity index reference list – any index not on their list can be submitted under the alphanumeric-25 option. The challenge is for the DSB to ensure the quality of that data when creating
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ISINs. The Committee agreed that the Secretariat will propose an initial list for the PC to review and then push to consultation – Close

- **Action:** Secretariat to create an initial list of Equity Indexes and publish to the Committee
- **Action 95:** Secretariat has raised the question on Portfolio Swaps to ESMA. Member asked if there was more substantial data from the SG2 work on this topic
  - **Action:** Secretariat to review SG2 work for any portfolio swap discussions

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## 2 UAT Product Definition Issue Identification

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- The Product Committee agreed that the currency will be derived for CDS Index
- The Product Committee agreed that the currency for CDS Single Name will be defaulted (pending Board approval)

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## 3 DSB Taskforce Update

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- DSB and ISDA have agreed the tasks that need to be completed:
  - Initial mapping ISDA v2.0 Taxonomy/FpML to CFI Code/ISO 20022 attributes
  - Maintenance governance and process
- Discussions are ongoing regarding the communication lines for the ISDA representatives and the remit of the taskforce

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## 4 FX Expiry Date

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- ESMA have requested a written proposal explaining the DSB Product Committee's proposal to use Settlement Date value for the Expiry Date attribute for FX OTC Derivatives
- Secretariat presented a table to specify the treatment of this attribute across the different asset classes
- Product Committee agreed to review the table over email
  - **Action:** Secretariat to distribute the table on Expiry Date treatment across the asset classes for review over email

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## 5 ISIN Volumes Estimate

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- Secretariat stated that there had been a few requests from the industry regarding the expected number of ISINs
- Member highlighted ISDA's analysis on the number of ISINs but noted that this only covered Rates
- Regulatory Observer noted that ISDA's work used the CPMI-IOSCO's methodology and that it was based on publicly available Trade Repository data
- Member suggested that perhaps this analysis could be added to the taskforce
- Product Committee agreed to park this question

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## 6 Product Definition Review (Equities)

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- Product Committee reviewed the outstanding issues in the Equities Product Template
- #4: Product Committee required further detail on the 'spinoff' question – where a single name becomes an option on a basket.
  - **Action:** Secretariat to provide more information to the Committee on Equity 'spinoff' options
- #5: Missing Strike – Product Committee agreed that this is not relevant for the current level of ISIN being considered – Close
- #6: Product Committee view is that the underlying term is not needed for an equity index swap but wanted verification with ESMA
  - **Action:** Secretariat to verify with ESMA that term of the underlying index is not required for equity derivatives

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- Member had raised further questions over email
    - **Action:** Secretariat to review and propose actions based on the questions raised by PC Member regarding Equity Derivatives and distribute to the Product Committee
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7      **AOB**

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- **Action:** Secretariat to review appendices and distribute updates to the Committee
- Next meeting is Tuesday 16 May 2017

Respectfully submitted,

DSB Secretariat

Minutes Approved on:

## Summary of Open Actions

No	Actions	Owner	Target Date
85	Secretariat to pass on the suggested treatment of Expiry Date as equalling Settlement Date for FX derivatives to ESMA.	DSB Sec	16-May-17
86	Secretariat to develop an initial exotic product definition for each asset class and schedule for discussion with the Committee in May.	DSB Sec	23-May-17
89	Secretariat to schedule ISIN Status discussion in future PC meeting	DSB Sec	23-May-17
91	Secretariat to obtain clarity from the FCA to understand their approach for CDS Single Name swaps without an underlying ISIN or LEI	DSB Sec	16-May-17
92	Secretariat to liaise with Committee Members to understand the practical significance or size of the problem	DSB Sec	16-May-17
93	Secretariat to distribute the text of the above to the Product Committee before submitting to the DSB Board with the recommendation of setting up an additional task force	DSB Sec	16-May-17
95	Secretariat to follow up with the RTS 23 text and ESMA to validate their expectations for a Portfolio Swap	DSB Sec	08-May-17
96	Secretariat to present new FIX default functionality and budget uplift to DSB Board for approval	DSB Sec	31-May-17
97	Secretariat to request the Chair to investigate the interim LEI option with regulators and GLEIF	DSB Sec	16-May-17
98	Secretariat to create an initial list of Equity Indexes and publish to the Committee	DSB Sec	16-May-17
99	Secretariat to review SG2 work for any portfolio swap discussions	DSB Sec	16-May-17
100	Secretariat to distribute table on Expiry Date treatment across the asset classes for review over email	DSB Sec	16-May-17
101	Secretariat to provide more information to the Committee on Equity 'spinoff' options	DSB Sec	16-May-17
102	Secretariat to verify with ESMA that term of the underlying index is not required for equity derivatives	DSB Sec	16-May-17
103	Secretariat to review and propose actions based on the questions raised by PC Member regarding Equity Derivatives and distribute to the Product Committee	DSB Sec	16-May-17
104	Secretariat to review appendices and distribute updates to the Committee	DSB Sec	23-May-17