

## DSB PRODUCT COMMITTEE MEETING MINUTES

**Meeting:** The 51<sup>st</sup> DSB Product Committee Meeting

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**Date:** 12-Dec-2017                      **Time:** 15.00 – 16.30 BST                      **Location:** Teleconference

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**Chairperson:** Sassan Danesh, DSB

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**In attendance:**

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| <p><b>Committee Members</b><br/>Joseph Berardo, Intercontinental Exchange<br/>Tia Ellerman, Citi<br/>Peter Gratwick, JP Morgan<br/>Danielle Wissmar, GSAM<br/>Bill Stenning, Société Generale</p> <p><b>ANNA Board (observer)</b><br/>Emma Kalliomaki</p> | <p><b>Regulators (Observers)</b><br/>Takahiro Onojima, JSDA<br/>Eiichiro Fukase, JSDA<br/>Robert Stowsky, CFTC</p> <p><b>DSB Secretariat / PMO</b><br/>Tony Birrell, DSB<br/>Nathan Dagg, DSB<br/>Malavika Solanki, DSB</p> |
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**Apologies:** Franz Rockermeier, Allianz Global Investors  
Trevor Mallinson, Bloomberg  
Ayala Truelove, Tradeweb  
Stephen White, Fidelity

**Absences:**

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

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- **Action 153:** DSB PC to continue to conduct bilateral discussions with vendors and index providers to enhance the enumerated Equity index list, remain open
  - **Action 165:** Secretariat to develop a Non-Deliverable FX Swap template for delivery in 2018, remains open
  - **Action 168:** Secretariat to develop process documents including PC Terms of Reference to define the process for Product definition changes, new product introduction & challenges to existing ISINs and present to the PC for review, remain open
  - **Action 169:** Secretariat to include the update to existing expired ISINs in the change process document per action 168 for PC review, remain open
  - **Action 170:** Secretariat develop a new Product Definition for Inflation Basis for PC review and implementation in 2018, remain open
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**2            Credit Index name formatting issue**

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- Secretariat presented an issue raised by Markit regarding the case sensitivity 26 Credit Indices supplied to the DSB
  - The Secretariat presented three options in which the Product Committee could decide on best approach:
    - Amend format in UAT on Wednesday 13<sup>th</sup> prior to production this weekend
    - Delay production of Credit Index/Index Tranche & Total Return Swap to 2018
    - Roll out a correction in 2018 and undertake amendment of ISIN records & JSON records per the DSB 90-day change schedule
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- The Product Committee decided that a change this close to the end of the year and MiFID II go-live would have considerable impact to industry for these products and decided best approach was to leave the impacted indices as they are and roll out a correction in 2018
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### **3 Commodity IPR Issues**

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- Secretariat identified a potential IPR issue relating to a set of Underlying Instrument Indices that were submitted to the DSB as part of the Commodities Taskforce held earlier in the year which have impacted three Multi-Exotic Commodity Templates
  - The Product Committee agreed that this issue needed to be referred to the DSB Board in the first instance.
    - **Action 171:** DSB to engage the issuing entity around licensing requirements and also engage industry for alternative index sources
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### **4 Floating Rate & OIS Product Definitions**

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- Secretariat advised they had received feedback from industry requesting OIS Reference Rates be split out from Floating Reference Rates in our Interest Rate enumeration list, as it would be optimal to only have OIS based reference rates present for OIS products
  - The Product Committee was asked if a concrete interpretation of certain classification of rates could be obtained from ISDA in order to for them to provide guidance on which reference rates should be used for each Rates template
    - **Action 172:** Secretariat to reach out to ISDA and have them clarify which reference rates in their FpML reference rates enumeration list are OIS based
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### **5 Cap/Floor Delivery Type**

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- Secretariat advised they had received feedback that Cap/Floor delivery type should always be the same whether it be 'Cash' or 'Physical'
  - The Product Committee was requested to provide guidance via Product Definition documentation on which value should be used and it was noted on the call that ISDA had a different interpretation from a CFI point of view, and when considering this, the PC felt that guidance was best delivered from an Industry body
    - **Action 173:** Secretariat to reach out to CFI Working Group and ISDA to obtain guidance on the treatment Cap/Floor delivery type in relation to CFI creation
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### **5 Forward Delivery Type**

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- Secretariat advised they had feedback that for Forward delivery type should always be 'Physical' given the existence of the NDF template in the DSB
  - The Product Committee was requested to provide guidance via Product Definition documentation on which value should be used and PC advised that this was similar to the Cap/Floor treatment, and that guidance was best desired from an industry body
    - **Action 174:** Secretariat to reach out to GFXD to provide guidance as to how delivery type should be treated for Forward FX products
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### **6 Rates Non-Standard Option**

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- Secretariat advised that a new instrument requirement was raised by industry to generate an option on 'Fixed-Fixed' Underlying Asset Type where the option type is not known (i.e. "X" – for CFI)
  - Option Type functionality available in the Rates Non-Standard Option however 'Fixed-Fixed' would mean Reference Rate (Floating Rate enumerations) would need to be left blank (currently a required field)
  - Product Committee advise that these products would typically be part of a structured trade and would only make up very small portion of traded volume. PC requested the Secretariat to obtain an anonymous term sheet or further use case details in order to assess the request for a new template
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- **Action 175:** Secretariat to obtain further information from on the particular use case from the industry participants who rather the query for a Fixed-Fixed Underlying Asset Type where the option type it not known
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**7 DSB Taskforce – Update**

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- Pending feedback from ISDA
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**8 AOB**

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- The Secretariat advised that a news article providing an update on user types would be published on Thursday
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Respectfully submitted,

DSB Secretariat

Minutes Approved on: 12-Dec-2017

| <b>No</b>  | <b>Actions</b>  | <b>Owner</b> | <b>Target Date</b> |
|------------|---|--------------|--------------------|
| <b>153</b> | DSB PC to continue to conduct bilateral discussions with vendors and index providers to enhance the enumerated Equity index list  | DSB Sec      | 31-Mar-18          |
| <b>165</b> | Secretariat to develop a Non-Deliverable FX Swap template for delivery in 2018  | DSB Sec      | 31-Jan-18          |
| <b>168</b> | Secretariat to develop process documents including PC Terms of Reference to define the process for Product definition changes, new product introduction & challenges to existing ISINs and present to the PC for review | DSB Sec      | 08-Jan-18          |
| <b>169</b> | Secretariat to include the update to existing expired ISINs in the change process document per action 168 for PC review   | DSB Sec      | 08-Jan-18          |
| <b>170</b> | Secretariat develop a new Product Definition for Inflation Basis for PC review and implementation in 2018   | DSB Sec      | 31-Jan-18          |
| <b>171</b> | DSB to engage the issuing entity around licensing requirements and also engage industry for alternative index sources   | DSB Sec      | 31-Jan-18          |
| <b>172</b> | Secretariat to reach out to ISDA and have them clarify which reference rates in their FpML reference rates enumeration list are OIS based   | DSB Sec      | 31-Jan-18          |
| <b>173</b> | Secretariat to reach out to CFI Working Group and ISDA to obtain guidance on the treatment Cap/Floor delivery type in relation to CFI creation  | DSB Sec      | 31-Jan-18          |
| <b>174</b> | Secretariat to reach out to GFXD to provide guidance as to how delivery type should be treated for Forward FX products  | DSB Sec      | 31-Jan-18          |
| <b>175</b> | Secretariat to obtain further information from on the particular use case from the industry participants who rather the query for a Fixed-Fixed Underlying Asset Type where the option type it not known                | DSB Sec      | 31-Jan-18          |