

DSB PRODUCT COMMITTEE MEETING MINUTES

Meeting: The 43rd DSB Product Committee Meeting

Date: 17-Oct-2017 **Time:** 15.00 – 16.30 BST **Location:** Teleconference

Chairperson: Sassan Danesh, DSB

In attendance:

Committee Members Joseph Berardo, Intercontinental Exchange Tia Ellerman, Citi Bill Stenning, Société Generale Trevor Mallinson, Bloomberg Ayala Truelove, Tradeweb Stephen White, Fidelity	Regulators (Observers) Takahiro Onojima, JSDA Eiichiro Fukase, JSDA Robert Stowsky, CFTC Olga Petrenko, ESMA	DSB Secretariat / PMO Tony Birrell, DSB Nathan Dagg, DSB Malavika Solanki, DSB Natalia Kozlovich, DSB
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Apologies: Franz Rockermeier, Allianz Global Investors
Peter Gratwick, JP Morgan

Absences: Danielle Wissmar, GSAM

No	Topics
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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 154:** Chair to liaise with external counsel and provide a summary review for the DSB Product Committee to review and discuss next steps. Closed. Item discussed as part of agenda
 - **Action 155:** Member agreed to follow up with the secretariat bilaterally to determine the appropriate mapping of Senior Non-Preferred to existing RTS 23 values, close. Member to send a link to details from ISDA on Senior Non-Preferred mapping.
 - **Action 156:** PC members to review the contract from Markit for discussion in the next PC meeting, remains open. Item discussed as part of agenda
 - **Action 157:** Secretariat to confirm with CPMI-IOSCO if 'multiple tenor' is a valid attribute for the UPI and if pricing related why this concept was defined only for FRAs and no other Rates Instruments. Closed. Regulatory observer mentioned this related to interpolation, hence the reference to multiple tenor. It was noted that this was deemed used for by ISDA working group for FRAs specifically, and hence adopted by CPMI-IOSCO.
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2	ESMA Q&A
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- A question was raised as the timing of reference data, transparency and MIC types would be made available to industry this month. It was noted that Transparency files were made available in July this year. And Reference Data was made public on 16 October. MIC codes were anticipated to be due in the next few months.
 - A question was raised on availability sample FIRDS files post 3rd January 2018, which it was noted they were available today based on the information submitted by TVs so far.
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- A PC member queried whether users would be able to download a list of OTFs from the ESMA website and it was noted that OTFs would be made available. There would also be updated registers (including TV, SI etc.) which will be all done as joint project and delivered at a later date.
- As similar question was raised around the current ability to download a list of SIs, RMs and MTFs and if this would remain available post 3rd January 2018. It was confirmed that this functionality would remain available on the ESMA website.
- A question was raised around the projected growth of the FIRDS file see over the MiFID II go-live period, especially as some regulators will only start contribution date on 3rd January 2018. Estimations for capacity have been verified and adjusted on several builds, although data not public, it is subject to validation by authorities. ESMA requested information from MTF/OTF/TVs to provide estimates and applied additional growth caps. Best guess at this point would be dozens of millions.
- A member asked how the FIRDS system would derive maturity buckets and what day count convention would be used, and if buckets would be periodically recalculated. It was noted the Principle buckets estimation was not shared publicly, but consulted and discussed with relevant entities that provided data for the transitional transparency calculations. Buckets periodically recalculated and in line with RTS 1 & 2 and can be derived from the technical standard.
 - **Action:** outstanding for clarification on adjusted or unadjusted dates.
- A member question how the FIRDS system was translating the RTS 2 taxonomy from the RTS 23 input date, knowing this will ensure a consistent outcome across the industry. It was noted that no translation from RTS 2 from RTS 23 as it is collected separately as RTS 2 includes quantitative data whereas RTS 23 does not. It was also clarified that RTS 2 has a different kind frequency. When relevant, the data sets are combined through the common identifiers such as ISINs.
- A member enquired if there were any plans for the FIRDS output file to either RTS 2 taxonomy or RTS 28 taxonomy details for instrument. It was commented that this was not the intention of FIRDS and that taxonomies are taken into account for calculations, but not on the output.
- A member raised question regarding source of ToTV determination and if FIRDS is considered to be the golden source (which is the FCA's expectation), what is the position regarding new issuance and benchmark swaps on T+0. It was noted that ESMA could not comment on the FCA's expectation of FIRDS being the golden source. It was also noted that an assumption for ToTV to be made just with the reliance on FIRDS could be challenged given the provisions of the relevant legal requirements envisaged in MiFIR/MAR.

2 ISO 20022 restrictions : Attribute Submissions

- Secretariat advised that the DSB in its review of Product Definitions against ISO 20022, it has been identified that Underlying Instrument Basketed is defined as accepting multiple ISINs or LEIs, but would not allow for multiple index names. Industry expectation is that basket instruments can be made up of multiple index names and multiple ISINs.
- A question was raised to ESMA if they have built their submission rules in accordance with ISO 20022, and if so, how would ESMA expect to receive multiple underliers of a basket that are index names. It was noted that this question had been forwarded on to their production and development team.

3 User of Credit Indices – IPR issue

- The Chair advised that discussions are still ongoing with Markit and that the contract remains under review with external counsel to ensure adherence of the DSB core principles of open data and consistency with existing third-party date provisions
 - Continued discussion to occur at the next Product Committee meeting
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3 ToTV discussion

- A member raised a question around the DSB providing ToTV/uToTV information from FIRDS and the usefulness of this as it is seen to be incomplete. It was noted, while it may be seen as incomplete and providing this data would enable end users to conduct their own analysis based on this information
- The Secretariat noted that the DSB ToTV/uToTV documentation clarifies some limitations of information provided by FIRDS and was constantly looking for feedback so the document can be updated

4 Package Trades

- A member raised a question around the appetite for the DSB to create ISINs for package trades (and the usage of the 'K' in CFI Taxonomy) as some venues/SIs may be expecting to register package / strategy trades in FIRDS as a single instrument
- It was noted that the only package that is currently being implemented in the DSB is FX Swaps, as this was specifically required by ESMA
- It was also noted that if the Product Committee decided packages or strategy trade was something they would like to move forward, the DSB would need to hold discussions with ANNA as the CFI code of 'K' has not been designated for the use of the DSB, and assignment rules would need to be defined
- Based on the above, the Product Committee decided to hold over package / strategy trades for now and review at a later date

5 DSB Taskforce – Update

- Secretariat advised that the Rates Consultation paper was circulated to the DSB Taskforce for review and would be discussed at next meeting

6 AOB

Respectfully submitted,

DSB Secretariat

Minutes Approved on: 26-Oct-2017

Summary of Open Actions

No	Actions	Owner	Target Date
153	DSB PC to continue to conduct bilateral discussions with vendors and index providers to enhance the enumerated Equity index list	DSB Sec	31-Mar-17
156	PC members to review the contract from Markit for discussion in the next PC meeting	PC	17-Oct-17