DSB TAC STRATEGY SC MEETING MINUTES

Date:	12 December 2018	**Time:** 14.00 – 16.00 UTC	**Location:** Teleconference
Chairperson:	David Broadway		

1	**In attendance:**	**TAC Members**	**DSB**
		David Broadway, The IA (Chair)	Sassan Danesh (Designated DSB Officer - DDO)
		Elodie Cany, Tradeweb	Andy Hughes (TAC Secretariat)
		Tony Chau, UBS	
		Eugene Eltsufin, JP Morgan	
		Karel Engelen, ISDA	
		Felix Ertl, BVI	
		Shari Lines, Morgan Stanley	
		Rocky Martinez, Smartstream	
		Andrew Poulter, Standard Chartered Bank	
		Chris Pulsifer, Bloomberg LP	
		Stephan Schaub, SIX Group Services AG	
		Lisa Taikitsadaporn, FIX	
	Apologies	Marc Honegger (Sponsor)	
	Absences:	Kimberly Cohen, State Street Bank Souvik Deb, Citigroup	

No	Topics
1	**Welcome**

The Chair welcomed the members to the initial meeting of the TAC Strategy Subcommittee (TAC SSC) and read out a message from the Sponsor, Marc Honegger, who was unable to attend due to an urgent other commitment at short notice.

2	**Roll Call**

The DDO undertook the roll call.

3	**Introduction**

The Chair covered off the agenda and introduced the subcommittee, it's main role and governance.

4	**Objectives and Scope**

The Chair set out the objectives and scope, starting with the history of the study group - the original work undertaken by the ISO TC68 SC4 study group 2 covering ISO 6166.

The Chair described the TAC SSC duties and governance. Conclusions will be made on the basis of consensus wherever possible. If a vote is required, this will be via a simple majority. Reports/recommendations delivered to the TAC will be balanced, providing dissenting views.

5	**Governance - Logistics**

Six meetings per year were proposed. The TAC SSC has a 2-year mandate which can be shortened or renewed.

Minutes will be published and comments will be attributable. The Chair reminded the members that the ISO documentation, produced out of SG2, are ISO documents, which we are only able to circulate through this group. However, these are ISO guarded intellectual property and must not be passed on outside the forum, to other members of the TAC member's organisations or elsewhere.

6	**Topics Under Consideration**

The DDO provided an overview of the topics for discussion.

Operating Model

The operating model was described, including the ISO IPR restrictions and the coordination between the TAC and PC. In particular, where strategy discussions have product impact, they can be taken to the PC for consideration.

TAC Strategy SC Meeting Schedule

The meeting schedule was presented.

KE (ISDA) raised a concern about the meeting August (summer holiday) and the gap in the schedule.

The DDO recommended to discuss this point later in the meeting as part of the review of the overall milestones, alongside the TAC meeting dates.

SG2 Output

The DDO highlighted the ISO requirements document as the core of the baseline that we will be referring to.

SG2 Requirements Document & Technical Principles

The DDO explained that all technology-related topics listed in the ISO Requirements document were in scope of the TAC SSC. However, while all topics were potentially relevant, section 8 (Technical Requirements) was noted as directly relevant to the TAC SSC. The document provides a sense of scope that SG2 was looking at, which was at a shallow technical level given the focus was mainly on product. The DSB intention is the strategic evolution of the DSB's technology architecture by continuing this work to a deeper level.

Practically, the DSB would like to understand the API's and workflows that industry is looking for and how that relates to the implementation of a potential instrument identifier hierarchy. A key focus area is industry's requirements once the UPI is implemented. E.g. The UPI service provider may not be the DSB, however, the DSB API's could be leveraged to facilitate efficient integration of ISINs and UPI allocation for industry. API workflows, templates etc. are all in scope for the TAC SSC.

Proposed Output

The DDO explained the three proposals describing approach and output of the TAC SSC:

Proposal 1 – To create a new requirements document, produced by the DSB so that the DSB can have the flexibility of making the document public. Expectation is that the document will be made public once finalized.

Proposal 2 - To focus initially on the implementation details of a multiple hierarchy model – noted as a key requirement of the original ISO SG2 work to allow efficient integration with the UPI and other instrument reference data requirements.

Proposal 3 – For the DSB to create the draft documents and then iteratively taking feedback from SSC members as appropriate.

The DDO advised that CPMI-IOSCO has produced a technical document that is in the public domain that describes the regulators' latest thoughts on the UPI product specification. The DSB will arrange this document to be circulated after the meeting. The DDO noted that the document itself was not yet 100% complete but did provide a very good sense of the finalised UPI specification.

SL (Morgan Stanley) asked about the involvement of ISO TC68 SC8 in this work.

The DDO advised that taking forward the work of the original SG2 will occur exclusively within the governance framework of the DSB and will not include ISO committees directly unless the DSB work were to impact the core ISO 6166 specification

The Chair advised that ISO is responsible for the maintenance of the ISO 6166 standard itself, but that Implementation is down to the Registration Authority

EC (Tradeweb) asked if the DSB had sufficiently considered the risks associated with starting work at this point in time on the implementation details of a multiple hierarchy identifier model, given all the other changes that are occurring in the short/medium term. For example, ISIN definition regulatory changes in Europe.

The DDO confirmed that loss of focus on urgent operational matters was a risk factor that the DSB was aware of, and the proposed pace and frequency of deliberations were carefully constructed to ensure an appropriate balance between building a strategic vision and the immediate operational needs of the service.

SL (Morgan Stanley) confirmed that the proposed pace appeared appropriate.

SL (Morgan Stanley) asked whether the scope of the hierarchy analysis included was on purely regulatory submissions such as the relationship between the ISIN and the UPI or whether it included more detailed instrument definitions that could describe the details of the OTC derivative to the kind of level seen within FpML models?

The DDO confirmed that the scope included industry as well as regulatory requirements, but that currently the main interest received by the DSB was on the ISIN / UPI relationship.

The Chair noted that the proposed operating pace provided regular opportunities to consider the status of external regulator and industry initiatives so that the impact of such external work could feed into the subcommittee's deliberations.

CP (Bloomberg) asked whether the level of external change and uncertainty raised the risk that the subcommittee would be unable to focus due the challenge of making progress in an uncertain environment.

The DDO agreed this was a risk that the subcommittee needed to be mindful of. The DSB's own thoughts were to focus on items which are invariant regardless of the uncertainties such as ESMA's Field 41 advisory or Brexit-related uncertainty. Some key invariants include the published UPI Technical Specifications and the ISIN specification itself. Additionally, it is helpful that the ESMA field 41 Q&A clarification has no impact on the hierarchy analysis itself. Finally, perhaps the draft documentation should include a section on external dependencies and clearly highlight the dependencies with high risk of changing.

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7   UPI / ISIN Relationship

The subcommittee reviewed slides showing the hierarchy model that the existing DSB Infrastructure was designed to implement, with an illustration of the relationship between the ISIN (containing a superset of UPI data) and the UPI as defined in the UPI technical specification.

SL (Morgan Stanley) asked whether the DSB is looking to accurately model an OTC derivative or simply looking to meet regulatory requirements?

The DDO advised that both scenarios are in scope of the DSB, and the DSB will be guided by industry feedback on the creation of any industry required level (e.g. a fully modelled OTC contract).

The DDO advised that the DSB has capability for modelling legs and implementing nested definitions. Such a model could be implemented in more detailed levels of the hierarchy, even if higher levels were to utilise a flat instrument model to reflect regulatory specifications

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SL (Morgan Stanley) asked whether details such as 'parent identifier' and 'ultimate parent identifier' were in scope to be changed, as some of the existing model did not seem extendable.

The DDO advised that the existing terminology was directly from original ISO SG2 work and making changes to this work was within the subcommittee's remit.

The Chair noted that the ISO 6166 standard made explicit reference to the need for ensuring the ISIN would evolve to the needs of the market.

CP (Bloomberg) asked for clarification on the relationship between the TAC and the PC.

The DDO advised that product modelling (for example, the attributes that define the ISIN Record) are the purview of the PC. The implementation of the model is within the remit of the TAC.

The Chair advised that if appropriate, it will be possible to build a liaison between the TAC and the PC.

The Chair noted an element of overlap between the membership of the PC and the TAC and commented that as well as the option of establishing a formal liaison between the two groups, this overlap in membership also provides for informal communication between the two.

8	**Proposed Milestones**

The DDO referred to the plan to create an initial draft of the documentation by 9th January, to allow members to review over the month leading up to the next meeting in early February. The bulletin boards can be used for early discussion until the next virtual discussion

KE (ISDA) referred back to his earlier comment re: milestones noting that the overall milestones appeared appropriate but remained concerned about scheduling a meeting in August.

The DDO agreed that holiday periods would be challenging and noted that the bulletin board could be used to provide continuity over the summer holidays.

9	**Proposed Output (Revisited)**

The SSC discussed the proposed initial focus of the group.

The DDO summarised the proposed focus as being the technical means of delivering an instrument hierarchy. For example, a higher-level in the hierarchy could be the UPI, (which may require a call out to whoever is the UPI service provider in the background) and a lower-level in the hierarchy could be a fully modelled OTC derivative.

RM (Smartstream) *noted that approach appeared appropriate and recommended the API approach should consider organisations accessing the data without having to make too many API calls to retrieve the data.*

TC (UBS) enquired about dependencies between the ISIN and the UPI

The DDO advised that the DSB working assumption is that it should be possible to create a top-level identifier without having to create a lower-level identifier. E.g. UPI creation should have no dependency on ISIN creation. But the other way around – UPI creation whenever an ISIN is created – is something that the DSB will request stakeholder guidance on and that any API may need to be designed to provide flexibility to implement either approach.

The Chair noted that the UPI is global, as is the CFI. The ISIN already auto-generates the associated CFI from the inputs to the ISIN and it may be appropriate to follow a similar model for UPI creation whenever an ISIN is created.

SL (Morgan Stanley) commented that generating the higher levels of the hierarchy may assist in simplifying the numbering space, especially with the proliferation of existing identifiers at different levels of granularity and the challenges of cross-referencing them all.

SL (Morgan Stanley) noted that many in industry use ISDA terminology and models and leveraging such models, for example in a lower-level of the hierarchy can be beneficial from a user perspective.

The subcommittee discussed the expected content of the initial draft document.

KE (ISDA) commented that there was a risk of putting pen to paper too early – without discussing some of the items – which in turn may lead to a less efficient overall outcome.

KE (ISDA) proposed the DSB to provide a set of questions to the SSC to enable some discussion first, that could form the basis of a subsequent text.

SL (Morgan Stanley) agreed with the approach and added that having a document framework in place would also be beneficial for a productive discussion.

The Chair also agreed with the approach and added that the framework could also contain some strawman approaches that are presented for consultation to illustrate the thought process and without much detail.

SL (Morgan Stanley) requested that external dependencies should also be captured in the document, with a focus on the factors that may change.

CP (Bloomberg) agreed that it was important to have such a dependencies list.

The DDO confirmed that the DSB will aim to create a template document with sufficient high-level content to show the structure and contain some strawman approaches and the external dependency list. In parallel the DSB will also create a set of questions for the subcommittee to consider.

The Chair advised that the ISO6166 ballot closes soon – the outcome of which can feed the external dependency list.

FE (BVI) *enquired asked about the UPI timelines*

The DDO confirmed that the DSB was not aware of any new public statements from the FSB GUUG on this matter:

KE (ISDA) provided his personal estimation based on his understanding that the end of Q1 2019 is the earliest likely date for the FSB GUUG to make the UPI vendor selection.

11	**Meeting Summary**

- The DDO summarised the conclusion of the discussion by advising that for the first milestone on 9 Jan 2019, the DSB will create a template to include external dependency list, plus a set of questions for the subcommittee's consideration
- The subcommittee agreed with the proposed approach on this basis

12	**AOB**

The subcommittee discussed and agreed some changes to improve the logistics of the meetings:

- Not use WebEx diary invites but rather to receive direct calendar invites from the DSB
- DSB to send communication from a specific TAC secretariat email address to allow easy identification of DSB messages
- DSB title emails to allow automatic distinction between TAC and TAC subcommittee communications

13	**Actions**

The following actions were recorded:

- DSB to circulate the UPI Technical Specification to the TAC SSC Members
- DSB to investigate sending TAC & TAC SSC diary invites from DSB instead of WebEx
- DSB to send out invites to all subcommittee members for all 2019 meeting dates
- DSB to investigate creating a TAC Secretariat for emails relating to the TAC / TAC SSC
- DSB to differentiate TAC emails from TAC SSC emails by using standard subject prefixes
- DSB to investigate creating a TAC Secretariat email address

- DSB to send an email advising members of the steps needed to receive notifications from the BB.

Respectfully submitted,

DSB Designated Officer.