

DSB TAC STRATEGY SC MEETING MINUTES

Date: 10 April 2019 **Time:** 13.00 – 15.00 UTC **Location:** Teleconference

Chairperson: David Broadway

In attendance: TAC Members

David Broadway, The IA (Chair)
Elodie Cany, Tradeweb
Tony Chau, UBS
Felix Ertl, BVI
Shari Lines, Morgan Stanley
Chris Pulsifer, Bloomberg LP
Lisa Taikitsadaporn, FIX

DSB

Sassan Danesh (Designated DSB Officer - DDO)
Marc Honegger (Sponsor)
Andy Hughes (TAC Secretariat)
Simon Wiltshire (PC Secretariat)

Apologies: Kimberly Cohen, State Street Bank
Eugene Eltsufin, JP Morgan
Karel Engelen, ISDA
Andrew Poulter, Standard Chartered Bank
Stephan Schaub, SIX Group Services AG

Absences: Souvik Deb, Citigroup
Rocky Martinez, Smartstream

No Topics

1 Roll Call

The TAC Secretariat undertook the roll call.

2 Welcome

The Sponsor thanked committee members for their continued participation and re-iterated the desire of the Board to understand industry views on the DSB's strategic direction.

The Chair stated that the main purpose today is to go through the initial draft of the report and progress towards a version that can be delivered to the TAC.

3 Document Review

1. Exec summary

This section has been left blank – it will be completed once the core content has been created.

2 Introduction

The DDO felt that section 2.3 (FSB) should add two links – 1) link to the UPI technical specification; 2) link to the FSB statement stating that FSB are looking to select the UPI vendor(s) in mid-2019.

SL (Morgan Stanley) advised this is good background material with nothing controversial.

3 SG2 Conclusions

The Chair said that we should caveat that the conclusions included in this section are only those that are pertinent to this paper (not all of the SG2 conclusions).

The Chair noted that the document version published by SG2 only had 12 bullet points versus the 14 in the draft document, and advised a review of the SG2 document version which the committee members should be working with

DSB took an **action** to investigate version discrepancy.

There was agreement that section 3.2 should faithfully reproduce the SG2 conclusions

4 UPI and ISIN

DDO recommended changing the swaption example to be an interest rate swap with the same values as the bigger table which provides the fine-grained detail.

The Chair advised the information that immediately follows relates to an IRS not a swaption and agreed IRS would offer more consistency.

SL (Morgan Stanley) Agreed and noted that the 5-year IR swap was used as a default simple use case throughout many MiFID examples.

The Chair asked if the document should refer to Parent rather than UPI?

DDO suggested that from a scope perspective this question may fall under the PC's remit.

Action – TAC SSC to provide a list of questions and considerations that the TAC SSC thinks might be useful for the PC to consider.

The Chair asked whether there should be something that visually distinguishes an ISIN level in the hierarchy versus a UPI level?

The DDO agreed this question could be provided to the PC to consider, the DDO's own thinking on this was that at some point the FSB would define the UPI as a separate ISO standard which is unlikely to have EZ as the prefix, and the DSB would use whatever the UPI standard defines. In particular, the identifier for the UPI does not need to fit the ISO 6166 standard it just needs to be able to be embedded within it and its attributes are a subset of.

The Chair noted that the FSB have already determined that the UPI should be an ISO standard.

DDO advised that from a technical implementation perspective, the DSB is not assuming all the levels in the hierarchy must be ISO 6166.

CP (Bloomberg) – recommended that there should be a minimal amount of intelligence in the UPI identifier, to distinguish an ISIN from a UPI just by looking at it.

DDO proposed this could be a recommendation – if we feel it is in with the scope of our subcommittee to make that recommendation/comment then we can do that – the alternative is we pass on our thoughts to another committee. DSB took an **action** to recommend to the SSC which DSB committee should take responsibility for such a recommendation .

Section 5 – Workflows

Section 5.1

DDO introduced section 5.1

SL (Morgan Stanley) suggested providing clarity on the term workflow and recommended using the term 'interfaces' or 'APIs' rather than 'workflows' where appropriate.

Chair – proposed that where workflows (as opposed to APIs) were being discussed to have some examples of the processing steps within the DSB as well.

DDO – agreed that this could be incorporated.

SL (Morgan Stanley) Agreed.

CP (Bloomberg) – Recommended that consideration is given to target audience of the document. The expectations between a business readership and technical readership are very different.

DDO – Agreed that the terminology used is important and also to provide sufficient context for the reader to understand the scope of any workflow examples provided – in particular that the scope is within the DSB’s perimeter rather than also documenting the user’s steps which can be much more involved.

SL (Morgan Stanley) – agreed that the extra context to provide clarity will be useful.

Chair – Agreed with approach, and recommended utilising some example workflows in the document

CP (Bloomberg) – Proposed documenting a business workflow from an end-user perspective and show where the DSB piece is a sub-workflow of the larger business workflow.

DDO – agreed to look at creating such a business workflow – perhaps one from a trading venue perspective and one from an investment firm perspective.

SL (Morgan Stanley) – Proposed that the draft business workflows be placed on the TAC bulletin-board for review

Chair – Recommended that the existing diagrams be flipped, with the flow being from left to right rather than from right to left)

SL (Morgan Stanley) Agreed.

Chair – Agreed - User on the left, Anna on the right.

FE (BVI)– Agreed what has been said especially from the business workflow perspective.

DDO – DSB will take an **action** to flip this over

Section 5.2

FE (BVI)– The term “DSB users” quoted in the diagram may be confusing.

Chair – suggested the term “end user”.

DDO – agreed for the DSB to take an **action** to correct use the new terminology.

Section 5.3

DDO – proposed to clarify the diagram to distinguish between the cases where ISIN and UPI are retrieved/searched by ISIN attributes or by UPI attributes.

SL (Morgan Stanley) Specifying ISIN or UPI attributes may be a good idea. Having additional flags on the same call can lead to unnecessarily ‘generic’ functionality that is difficult to understand. We want a nice clean interface.

CP (Bloomberg) – Agreed – you don’t want overload each API too much

DDO – Agreed that the DSB will work on this basis.

TC (UBS) If you are not the UPI provider will you redirect the call to satisfy the request?

DDO – Yes – maybe we need to show the proposed workflow between the DSB and the UPI SP in this scenario. We already created the workflow diagram for one of our previous meetings, and we will add the diagram into the report, to provide the necessary clarity.

Action DSB to provide more clarity on the interaction between the DSB and the UPI SP if they are a third party.

Chair – noted a few typos in the document that also need to be corrected
DDO – agreed that the document would be swept for syntax and grammar before the next iteration.

6 Record Structure

6.1.1 Header Component

Committee members reviewed the header component. No actions required.

6.1.2 Attribute component

There was consensus to switch the example from swaption to 5-year IRS. **Action** to change this.

6.1.3 Derived

Committee members reviewed the header component. No actions required.

6.1.4 ISIN Component

Committee members provided feedback on this component as part of their review of section 6.3 (Linking)

Section 6.2

The committee reviewed briefly after deliberating section 6.3 (below). In the light of section 6.3 discussions, DDO proposed to remove the new ‘type’ attribute, as it was only relevant in a 3 (or more) tier hierarchy model.

6.3 Linking the ISIN to the UPI

SL (Morgan Stanley) Original SG2 used the terminology “Parent” and “Ultimate Parent” but this terminology is very rigid, doesn’t allow for extension, if you have child, sub-child, sub-sub-child etc. Realistically it is a parent child relationship of one to many. The naming convention is settling on UPI ISIN UTI – so we should move away from SG2 naming convention as they concluded ultimate parent from a conceptual point of view, but this is not where we were heading for the naming convention. Would there be parents or just a single parent in our model?

DDO – the reason we put parent(s) was to address the case where we had several levels in the hierarchy. Does the SSC want to address this now or postpone it to when a clear business need for a 3rd level is identified?

SL (Morgan Stanley) – It might be good to return just the immediate parent?

CP (Bloomberg) – I would agree with that. The ultimate parent is not that helpful.

DDO asked if any contrary views?

Chair – Agreed that keeping the focus to just these two levels will assist in making the document more easily understood by readers as the complexity of a multi-hierarchy model could be kept out of the document.

CP (Bloomberg) – Agreed with keeping the focus to two levels only. If we go too far now we may box ourselves into a corner that future developments mean may have to undo this

TC (UBS) Seconded this, especially as we don’t know who the UPI SP is.

Chair – Raised a question possible for the PC, Should the UPI be an attribute of the ISIN record in the same manner as the CFI?

DDO proposed that the PC should be asked if the UPI should be added as a data element within the product definition itself and remove the ‘Parents’ attribute from the meta data component.

Section 7

This section has been left blank – it will be completed once the core content has been created.

General Review of the Document

DDO – Proposed a question to the PC – is the UPI a mandatory attribute? i.e. if UPI creation fails as part of an ISIN creation workflow, should the ISIN creation fail?

Chair – UPI should be mandatory but not for the creation of the ISIN. The ISIN Record should be enriched as soon as possible which is why we need the extra workflow which keeps trying to create/retrieve the UPI – perhaps not mandatory on day 1 – PC to opine.

SL (Morgan Stanley)– If it is mandatory that precludes backward compatibility – because people should be able to still use the service as it is now without it failing on a UPI call. So, it can't be mandatory if we are going to maintain backward compatibility.

SL (Morgan Stanley) - Corner cases, e.g. UPI service down, should not take the ISIN service down – The UPI should be mandatory from a logical perspective but physically optional to deal with such corner cases.

Chair – if you can't retrieve the UPI you have something which is clearly a dummy/pending status to meet the condition that it has to be present.

DDO – Agreed and said that SSC should provide some context when asking the PC to opine on whether the UPI should be an attribute of the ISIN Record to ensure that the PC understands the operational context.

CP (Bloomberg) – Is there any expectation from MiFID reporting that the UPI is mandatory? This would dictate whether it was mandatory?

Chair –UPI is already referenced in EMIR, and it will be mandatory when the UPI is available.

DDO – RTS 22 & 23 are driven primarily by the market abuse function of the regulator where the granularity of the analysis is at the financial instrument (i.e. ISIN) level. However, EMIR is primarily for tracking risk which fits the UPI purpose. The DSB is not aware of any discussions where the regulator is considering the UPI for such Market Abuse purposes.

SL (Morgan Stanley)– the document introduction assumes a lot of background knowledge of the DSB and the purpose of the report. Is it worth having an initial paragraph providing a clearer explanation that the scope is OTC derivatives identification?

Chair – Agreed – we are missing clear scope/purpose

CP (Bloomberg) – Maybe even an Appendix pointing to documents to help those who only have a partial background. We don't want readers getting lost in section 2, ensure that the reader is at the right baseline to get going with this.

4 AOB

Chair - Noted that the next call is due 12th June – and asked whether the timelines should be accelerated slightly?

DDO – Explained that the DSB plans to publish a revised document by 3rd May, giving a month for SSC members to review and opine on the bulletin board in preparation for the June meeting.

Chair – Noted also that a full TAC session is planned for around the same time, to allow the TAC to opine on the annual DSB consultation. Meeting with TAC Secretariat after the call to discuss.

5 Meeting Close

The meeting closed at 15:01 UK time.

The following new actions were recorded:

- DSB to add two FSB links to section 2.3
 - DSB to review the 14 points listed and compare to 12 points in the SG4 document.
 - TAC SSC to provide a list of questions/considerations for the Product Committee
 - DSB to bring back to the SSC a decision on the following recommendation:
RE: Ability to determine that an Identifier is a UPI just by looking at it
Either to make this recommendation or to pass this on to another committee to debate.
 - DSB to change the diagram in Section 5.1 so that the user is on the left and Anna on the right
 - DSB to replace references to “DSB Users” in all locations with “End Users”
 - DSB to provide more clarity on the interaction between the DSB and the UPI Service Provider where the UPI Service Provider is a third party.
 - DSB to change 6.1.2 example to use the 5-year IRS example
 - DSB to included relevant operational context for its list of questions to the PC (section 6.3 linking)
-

Respectfully submitted,
DSB Designated Officer.