

## DSB PRODUCT COMMITTEE MEETING MINUTES

**Meeting:** The 95<sup>th</sup> DSB Product Committee Meeting

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**Date:** 23-Oct-2018                      **Time:** 15.00 – 16.30 BST                      **Location:** Teleconference

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**Chairperson:** Malavika Solanki, DSB

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**In attendance:**

<b>Committee Members</b> Joseph Berardo, Intercontinental Exchange Michael Bauch, Allianz Global Investors Uwe Hillnhuetter, Tradeweb Jay Shotton, JP Morgan Bill Stenning, Société Générale Tia Ellerman, Citi	<b>Regulators (Observers)</b> David Olgilvie-Forbes, FCA Takahiro Onojima, JSDA
<b>ANNA Board (observer)</b> Emma Kalliomaki, DSB	<b>DSB Secretariat / PMO</b> Andy Hughes, DSB Simon Wiltshire, DSB Nathan Dagg, DSB

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**Apologies:** Adam Lister, Bloomberg

**Absences:**

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No	Topics
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<b>1</b>	<b>Open Actions</b>
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- **Action 218:** The DSB to report back to the Product Committee with the detailed response from ESMA to IR Term of Contract guidance once it has been received. Due date to be rolled further out pending response from ESMA.
  - **Action 219:** PC members are to provide feedback on the functionality related to Portfolio Swaps following further analysis by COB 5th October 2018. Discussed in meeting. Closed
  - **Action 220:** DSB to send a notification to all DSB users seeking full details of any additional product requests by 2nd November 2018. Closed
  - **Action 221:** PC members are to provide feedback on the use of Basis/Basis OIS templates following further analysis by COB 5th October 2018. As a part of this analysis, the PC will also review the last week's ESMA guidance to see if there was any additional impact on this issue. Due date to be rolled further out and discussed at a later date.
  - **Action 222:** DSB to follow up with the originator of the request for a Bond Future CFD. Closed.
  - **Action 223:** PC members are to provide feedback on the use of Underlying Proprietary Indices within Rates and Forex Asset Classes following further analysis by COB 5th October 2018. Closed.
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<b>2</b>	<b>Action 218 – extended discussion</b>
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- PC member discussed supporting Effective date in order to the capture and calculate the value that should be input into the 'IR Term of Contract' (field 41)
  - Further discussion from a regulatory observer provided a summary of a discussion held externally at an ISDA Symbology Working Group, where a discussion about the DSB PC's approved implementation model, and noted that ISDA would prefer if the DSB was to amend the approved approach such that users could submit effective dates in order to calculate the value, due to the concern about the industry's ability to implement in a consistent manner
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- DSB asked PC member if development on already agreed solution should be put hold in the interim, but PC members agreed development work should continue until such time that a revised path forward was agreed
- DSB advised the PC members that revisiting the analysis and development effort already expended was likely to result in additional cost of deployment given time to market constraints and other ongoing SI readiness support work which also has accompanying regulatory deadlines, which the PC acknowledged and concurred that this was acceptable
  - **Action 224:** DSB to recirculate the previously agreed approach for the inclusion on field 41 along with summary of discussion from the meeting
  - **Action 225:** DSB to review feasibility and cost impact of revising its existing development approach given the redevelopment of resources and roadmap impact given SI readiness work
  - **Action 226:** PC member to reach out to ISDA ahead of the next PC to clarify their discussed approach for the inclusion of effective date and calculation of 'Term of Contract' by the DSB

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### **3 Cross-Asset Products**

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- DSB provided an overview of the feedback received from the recent request for users to provide examples of product that could be supported by the Cross-Asset templates
- DSB has asked requestors for additional product details in order to present the PC with relevant information and will report back to PC members once complete

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### **4 New SI product nominations**

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- DSB provided an overview of feedback received based on the recent industry reach out for users to provide the DSB with information on any additional templates required by Systematic Internalises which are currently not supported
- DSB advised that it had received requests in across all asset classes except Credit and that it has requested additional information in some cases
- DSB would further analyse the submissions and provide an update to PC members in the coming weeks

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### **5 Portfolio Swaps**

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- DSB advised they had received a Change Request from a single user on behalf of the ISDA Equity Swap Sub Group, which was requesting the introduction of additional templates ahead of the SI regime in March 2019
- The DSB presented a proposal which would see the introduction of three new portfolio swap templates, where the underlying asset could be identified in line with CFI (ISO 10962) values of 'Single Stock', 'Index' and 'Other', in addition to the currently derived value of 'Basket'
- PC members had no objection to the new templates and the DSB mentioned they would target the new templates for release in Q1 2019

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### **6 Commodity – Single Index Template**

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- The DSB advised PC members it had received a request to support an underlying asset of 'Index' in line with the CFI (ISO 10962) value
  - The PC discussed the potential introduction of three new Single Index templates for Swap, Option and Forward which would support the entry of one or more Listed Index or Prop Index as Underlying Instruments and the PC members were happy to proceed on this basis
  - The PC was reminded of the terms underlying the Multi-Exotic Templates that were being release into production on the weekend of 27<sup>th</sup>/ 28<sup>th</sup> October 2018
  - The DSB will reach out to the users of complex commodity derivatives to set up a discussion about the specific implementation details
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**7 Rates – Term of Contract (Field 41)**

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- The PC approved the implementation of Term of Contract for Fixed/Fixed and Cross-Currency Fixed/Fixed Swap templates
  - The PC approved the addition of the Term of Contract in the Long Name of the ISIN, but not in the Short Name (FISN – ISO 18774) due the 35 character limitation in the ISO standard
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**8 Product Committee member replacement**

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- The DSB advised PC members it had been in conversation with Citadel to take a vacant buy-side position in the Product Committee and has provided a suitable candidate to compliment the current PC – Jonah Platt
  - Jonah will join the PC as of 30<sup>th</sup> October 2018
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**9 Activity Streams**

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- **ISDA Taskforce:** Secretariat provided a summary of discussions held in September about the scope of the DSB Taskforce and the relevance of/ need to introduce a third set of OTC derivative templates in light of work already completed by ISDA to transform DSB templates into FpML
  - The PC were advised that ISDA was having final discussions on the topic, with feedback due by the end of the week
  - The PC concurred with the disbanding of the taskforce if ISDA were to concur with the lack of current industry interested as noted by the DSB
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**10 AOB**

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- The DSB thanked existing members who have already provided their application to be part of the 2019 Product Committee
  - PC member advised of a mismatch in data in that has been reported to FIRDS vs data that is maintained by the DSB. It was noted that the DSB was aware of some instances where users were supplying their preferred values and that the DSB had no direct means of altering this approach but would undertake some market education activity in order to raise awareness in the user community
  - DSB advised the PC is had received a letter from the ISDA Regulatory Reporting working group and mentioned the themes of the letter and that some of the items outlined in the letter were issues which would need to be address by ANNA (and relevant NCAs) rather than the DSB. Where there were items in the letter which could be addressed by the DSB, the DSB set out its proposed response and confirmed that it would be responding by the end of the week
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Respectfully submitted,

DSB Secretariat

Minutes Approved on: 1<sup>st</sup> November 2018

## Summary of Open Actions

<b>No</b>	<b>Actions</b>	<b>Owner</b>	<b>Target Date</b>
<b>218</b>	The DSB to report back to the Product Committee with the detailed response from ESMA to IR Term of Contract guidance once it has been received.	DSB Sec	28-Nov-18
<b>221</b>	PC members are to provide feedback on the use of Basis/Basis OIS templates following further analysis by COB 5th October 2018. As a part of this analysis, the PC will also review the last week's ESMA guidance to see if there was any additional impact on this issue.	PC Members	20-Nov-18
<b>224</b>	DSB to recirculate the previously agreed approach for the inclusion on field 41 along with summary of discussion from the meeting	DSB Sec	30-Oct-18
<b>225</b>	DSB to review feasibility and cost impact of stopping its existing development approach given the redevelopment of resources and roadmap impact given SI readiness work	DSB Sec	27-Nov-18
<b>226</b>	PC member to reach out to ISDA to clarify their discussed approach for the inclusion of effective date and calculation of 'Term of Contract' by the DSB	DSB PC	30-Nov-18