

DSB NON-STANDARD PRODUCT DEFINITION TASKFORCE MINUTES

Meeting: The 1st DSB Non-Standard Product Definition Taskforce

Date: 24-Aug-2017 **Time:** 13.00 – 15.00 BST **Location:** Teleconference

Chairperson: Tony Birrell, DSB

In attendance:

Taskforce Member Organisations	DSB Secretariat / PMO
BAML	Sassan Danesh, ANNA DSB
BNP Paribas	Tony Birrell, ANNA DSB
Citi	Malavika Solanki, ANNA DSB
Deutsche Bank	Nathan Dagg, ANNA DSB
Goldman Sachs	
JP Morgan	
Morgan Stanley	
UBS	

Apologies:

Absences:

No	Topics
1	Welcome <ul style="list-style-type: none">• Secretariat outlined the timeline constraints to all members – analysis to be completed by September 15th and implementation timelines published by September 29th• Secretariat outlined the general governance of the taskforce• Secretariat outlined the intended meeting structure
2	Objectives <ul style="list-style-type: none">• Secretariat outlined the objectives of the taskforce - create Non-standard Product Definitions that enable an ISIN and a CFI code to be created for Non-Standard instruments within the current constraints of the CFI taxonomy and allow for segmentation from flow products
3	High level Principles <ul style="list-style-type: none">• Secretariat outlined the following high level principles to members:• A single ISIN and associated CFI code should either represent a flow Product Definition or a Non-Standard Product Definition but not both simultaneously• Product Definition design should remain consistently aligned to the RTS23 scope and current thinking on CPMI-IOSCO• While ensuring the primary objective of satisfying MiFID II requirements in met, additional attributes outside of the above scope can be considered by the DSB, however, a diversion from the above consistent approach requires a strong use case
4	Non-Standard Product Definition CFI combinations <ul style="list-style-type: none">• Secretariat began an instrument & asset class review of the CFI codes combinations available under the Underlying Asset type (3rd character) to identify if there were products that required this categorisation and therefore were not better classified using existing CFI codes• The following CFI combinations were agreed as not required by industry:

-
- Swaps/Foreign Exchange/Other – SFM***
 - Forwards/Credit – JC****
 - Forwards/Foreign Exchange/Options – JFO***
 - Forwards/Foreign Exchange/Futures – JFF***
 - Forwards/Equity/Options – JFO***
 - Forwards/Equity/Futures – JFF***
 - The following CFI combinations require industry consideration & feedback:
 - Swaps/Equity/Other – SEM***
 - **Action 1:** Secretariat to confirm how ETF is currently classified within the CFI code
 - Swaps/Other/Other – SMM***
 - **Action 2:** Direction required from Taskforce members in what circumstances should cross asset M – Other be used. Members to discuss if there a threshold of asset class weighting that should apply before this code is used
 - Options/Rates/Options – HRO***
 - Options/Rates/Forwards – HRR***
 - Options/Rates/Futures – HRF***
 - Options/Rates/Other – HRM***
 - Options/Equity/Options – HEO***
 - Options/Equity/Forwards – HER***
 - Options/Equity/Futures – HEF***
 - Options/Equity/Other – HEM***
 - Options/Other/Other – HMM***
 - **Action 3:** Taskforce members to revert with any examples of instruments that would fall into the above categories
 - The following CFI combinations were confirmed as required:
 - Swaps/Rates/Other – SFM***
 - Swaps/Credit/Other – SFM***
 - Options/Credit/Swaps – HCW***
 - Options/Credit/Other – HCM***
 - Options/Foreign Exchange/Forwards – HFR***
 - Options/Foreign Exchange/Futures – HFF***
 - Options/Foreign Exchange/Volatility – HFV***
 - Options/Foreign Exchange/Other – HFM***
 - Miscellaneous/Other/Other OTC Product – MMS***
 - Considering the above review, the taskforce stepped through some instrument examples received and classified into either existing products or one of the above open/required CFI codes
 - **Action 4:** Taskforce members to submit non-standard instruments to the secretariat to continue this review

5

Next Steps

-
- Secretariat agreed to use the above analysis to determine the additional Product Definitions that will be required
 - Secretariat agreed to collate instruments submitted by members and continue best fit discussions based on a holistic view of the Product Definitions – CFI code plus RTS 23 attributes to determine if additional attributes need to be added to provide further uniqueness to specific instruments
 - **Action 5:** Secretariat to request an opinion from ESMA as to whether they will accept one CFI code for two different sets of attributes

- Taskforce members agreed to work with the current CFI taxonomy until post 3rd January go-live after which time attribute enrichment recommendations will be collated and sent to the CFI working group
 - **Action 6:** Secretariat to add into the principles of the taskforce that it will work to enhance the CFI code after Jan 3rd go-live
 - A member raised a recommendation for the CFI working group that an additional attribute of 'Other' should be provided under Option Style and Type
 - **Action 7:** Secretariat to raise the addition of 'Other' to Option Style and Type with the CFI working group
 - Taskforce members agreed that smaller asset class specific focus groups would be beneficial in continuing this analysis
 - **Action 8:** Secretariat to bilaterally arrange asset class specific focus groups
-

Respectfully submitted,

DSB Secretariat

Minutes Approved on: 31st August 2017

Summary of Open Actions

No	Actions	Owner	Target Date
1	Secretariat to confirm how ETF is currently classified within the CFI code	DSB Sec	31-Aug-17
2	Direction required from Taskforce members in what circumstances should cross asset M – Other be used. Members to discuss if there a threshold of asset class weighting that should apply before this code is used	Taskforce	07-Sep-17
3	Taskforce members to revert with any examples of instruments that would fall into the above categories	Taskforce	30-Aug-17
4	Taskforce members to submit non-standard instruments to the secretariat to continue this review	Taskforce	30-Aug-17
5	Secretariat to request an opinion from ESMA as to whether they will accept one CFI code for two different sets of attributes	DSB Sec	31-Aug-17
6	Secretariat to add into the principles of the taskforce that it will work to enhance the CFI code after Jan 3rd go-live	DSB Sec	25-Aug-17
7	Secretariat to raise the addition of 'Other' to Option Style and Type with the CFI working group	DSB Sec	31-Aug-17
8	Secretariat to bilaterally arrange asset class specific focus groups	DSB Sec	27-Aug-17