

DSB NON-STANDARD PRODUCT DEFINITION TASKFORCE MINUTES

Meeting: The 2nd DSB Non-Standard Product Definition Taskforce

Date: 31-Aug-2017 **Time:** 13.00 – 15.00 BST **Location:** Teleconference

Chairperson: Tony Birrell, DSB

In attendance:

Taskforce Member Organisations	DSB Secretariat / PMO
BAML	Nathan Dagg, ANNA DSB
Citi	
Deutsche Bank	
Goldman Sachs	
JP Morgan	
Morgan Stanley	
UBS	

Apologies:

Absences: BNP Paribas

No	Topics
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1	Open actions
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- **Action 1:** Secretariat confirmed this is classified under CFI Category C – Collective Investment Vehicles and outside the scope of the DSB, action closed
 - **Action 2:** To be discussed in this meeting, action closed
 - **Action 3:** Remain open
 - **Action 4:** Remain open
 - **Action 5:** Secretariat awaiting an opinion from ESMA as to whether they will accept one CFI code for two different sets of attributes, remain open
 - **Action 6:** Action closed
 - **Action 7:** Action closed
 - **Action 8:** Action closed
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2	Asset class review - Equities
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- Secretariat raised issues submitted by the Equities Focus group for consideration of the taskforce
 - Option Style & Type – Taskforce discussed the approach to utilise the Option type of ‘Chooser’ for all non-standard options that are neither Put nor Call. One member challenged this approach and suggested if a CFI code cannot be exactly matched then M – Other (miscellaneous) should be used.
 - **Action 9:** Member to revert to taskforce next week after organisational consultation
 - Differentiation between standard and non-standard forwards – The taskforce discussed the fact that the current CFI does not allow for differentiation. Taskforce agreed to provide industry direction that M – Others (Miscellaneous) Product Definition should be used for Non-standard forwards.
 - **Action 10:** Secretariat to publish the recommendation that M – Others (Miscellaneous) Product Definition should be used for Non-standard forwards in the final non-standard analysis
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- **Action 11:** Secretariat to recommend to the CFI working group that 'Others' be added to the Return or Payout Trigger for Equity Forwards.
 - Multi-Asset baskets – Taskforce members agreed that the Non-Standard Product Definition and resultant CFI group of 'Other' should be used when the basket consists of multi-asset class products.
 - **Action 12:** Secretariat to publish the recommendation that the Non-Standard Product Definition and resultant CFI group of 'Other' should be used when the basket consists of multi-asset class products in the final non-standard analysis
 - RTS Impact – Taskforce discussed the potential impact of bucketing instruments into 'Other' categories on RTS 2 reporting. Taskforce members advised that ISDA is liaising with EMSA on this issue.

3 Asset class review - Rates

- Secretariat raised issues submitted by the Rates Focus group for consideration of the taskforce
 - Rates/Option/Other (HRM***) Product definitions still under consideration
 - **Action 13:** Taskforce to provide trade examples that would be classified by Rates/Option/Other (HRM***) CFI code to the secretariat
 - Additional Product Definition attribute – Taskforce discussed the possibility of adding a specific attribute with from an industry source to the Non-standard Product Definition that would enable differentiation of exotic products classified by 'Other' CFI categories
 - **Action 14:** Taskforce to opine on a potential attribute that could be added to the Non-standard Product Definitions to enable differentiation of exotic products classified by 'Other' CFI categories
 - Classification of exotic instruments – Taskforce discussed the possibility of classifying the exotic instruments in scope into an enumerated list that could be represented by a new attribute 'Product Type' that would enable differentiation of exotic products classified by 'Other' CFI categories
 - **Action 15:** Taskforce to opine on the possibility of classifying the exotic instruments in scope into an enumerated list that could be represented by a new attribute 'Product Type' that would enable differentiation of exotic products classified by 'Other' CFI categories
 - Volume – Taskforce discussed the potential volume of exotic instruments in scope
 - **Action 16:** Taskforce to opine on the potential number of exotic Rates instruments in scope

4 Asset class review - Credit

- Secretariat raised issues submitted by the Credit Focus group for consideration of the taskforce
 - Product Definition for CDS with Loan underlier – Taskforce members confirmed that Loans should be a separate Product Definition as is a vanilla product
 - **Action 17:** DSB to create an independent Product Definition for CDS with Loan Underlier for Product Committee review
 - Non-standard Product Definition – Taskforce members agreed that non-standard templates are required for Swaps and options and must allow multiple underlying ISINs to be input by users
 - **Action 18:** Secretariat to present Non-standard credit templates to the taskforce at next meeting
 - Multi leg Credit Instruments – Taskforce discussed how Notional Currency is to be interpreted for multi leg credit instruments
 - **Action 19:** Taskforce to opine on the interpretation of Notional currency for multi leg credit instruments

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- Examples trades – Taskforce discussed if standard or non-standard Product Definitions should be used for CDS instruments with any non-standard element
 - **Action 20:** Taskforce to provide examples of CDS instruments with any non-standard element and decide upon the correct Product Definition to use
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5 **Asset class review - FX**

- Secretariat raised issues submitted by the FX Focus group for consideration of the taskforce
 - Cross Asset & Cross Instrument + Cross Asset FX Options – Taskforce discussed whether Options/Other and Miscellaneous CFI codes respectively should be used for these instruments
 - **Action 21:** Taskforce to provide trade examples that would be classified by Options/Other & Miscellaneous to the secretariat
 - FX Non-Standard Product Definition – members discussed whether the available Underlying Asset CFI values of Forwards/Futures/Volatility & Other are required
 - **Action 22:** Taskforce to provide trade examples that would be classified by Underlying Asset CFI values of Forwards/Futures/Volatility & Other to the secretariat
 - Multi-currency – members discussed if functionality is required to list multi currencies in 'Other Notional Currency' field
 - **Action 23:** Secretariat to publish the recommendation that multi-currency FX instruments should use the M – Others (Miscellaneous) Product Definition
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6 **Next Meeting**

- Thursday 7th September 2017
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Respectfully submitted,

DSB Secretariat

Minutes Approved on:

Summary of Open Actions

No	Actions	Owner	Target Date
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
9	Member to revert to taskforce next week after organisational consultation	DSB Sec	25-Aug-17
10	Secretariat to publish the recommendation that M – Others (Miscellaneous) Product Definition should be used for Non-standard forwards in the final non-standard analysis	DSB Sec	31-Aug-17
11	Secretariat to recommend to the CFI working group that 'Others' be added to the Return or Payout Trigger for Equity Forwards	DSB Sec	27-Aug-17
12	Secretariat to publish the recommendation that the Non-Standard Product Definition and resultant CFI group of 'Other' should be used when the basket consists of multi-asset class products in the final non-standard analysis	DSB Sec	15-Sep-17
13	Taskforce to provide trade examples that would be classified by Rates/Option/Other (HRM***) CFI code to the secretariat	Taskforce	07-Sep-17
14	Taskforce to opine on a potential attribute that could be added to the Non-standard Product Definitions to enable differentiation of exotic products classified by 'Other' CFI categories	Taskforce	07-Sep-17
15	Taskforce to opine on the possibility of classifying the exotic instruments in scope into an enumerated list that could be represented by a new attribute 'Product Type' that would enable differentiation of exotic products classified by 'Other' CFI categories	Taskforce	07-Sep-17
16	Taskforce to opine on the potential number of exotic Rates instruments in scope	Taskforce	07-Sep-17
17	DSB to create an independent Product Definition for CDS with Loan Underlier for Product Committee review	DSB Sec	15-Sep-17
18	Secretariat to present Non-standard credit templates to the taskforce at next meeting	DSB Sec	07-Sep-17
19	Taskforce to opine on the interpretation of Notional currency for multi leg credit instruments	Taskforce	07-Sep-17
20	Taskforce to provide examples of CDS instruments with any non-standard element and decide upon the correct Product Definition to use	Taskforce	07-Sep-17
21	Taskforce to provide trade examples that would be classified by Options/Other & Miscellaneous to the secretariat	Taskforce	07-Sep-17
22	Taskforce to provide trade examples that would be classified by Underlying Asset CFI values of Forwards/Futures/Volatility & Other to the secretariat	Taskforce	07-Sep-17
23	Secretariat to publish the recommendation that multi-currency FX instruments should use the M – Others (Miscellaneous) Product Definition	DSB Sec	15-Sep-17

Summary of Closed 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
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