

DSB PRODUCT COMMITTEE MEETING MINUTES

Meeting: The 101st DSB Product Committee Meeting

Date: 04-Dec-2018 **Time:** 15.00 – 16.30 BST **Location:** Teleconference

Chairperson: Malavika Solanki, DSB

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| In attendance: | Committee Members Uwe Hillnhuetter, Tradeweb Jay Shotton, JP Morgan Tia Ellerman, Citi Jonah Platt, Citadel Joseph Berardo, Intercontinental Exchange | Regulators (Observers) Eiichiro Fukase, JSDA |
| | ANNA Board (observer) Emma Kalliomaki, DSB | DSB Secretariat / PMO Andy Hughes, DSB Simon Wiltshire, DSB |

Apologies: Bill Stenning, Société Générale
Adam Lister, Bloomberg
David Olgilvie-Forbes, FCA
Nathan Dagg, DSB

Absences: Michael Bauch, Allianz Global Investors

No Topics

1 Open Actions

- **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. Discussed on today's call. Remain open.
 - **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. Closed
 - **Action 232:** DSB to provide some additional information relating to tenor calculator API and how the service would function. Closed.
 - **Action 233:** PC members to investigate internally as to the use of FX Indices over Swap, Forward and Option instruments. Remain open for one week. Closed.
 - **Action 234:** DSB to revert to the user seeking further information such as a redacted term-sheet, etc. to assist the PC in its determinations for instruments with an FX Index. DSB has sent an email and will follow up. If no response is received before the COB 30th Nov 2018 the item will be closed (if approved by the PC). Closed.
 - **Action 236:** DSB will collate responses to the latest Term of Contract (field 41) email for presentation to the Product Committee. Closed.
 - **Action 237:** DSB to recirculate Tenor Calculator email from 21st November containing a summary presentation. Closed.
 - **Action 238:** The PC have been asked to provide guidance the way in which Cross-Asset templates should handle Underlying Index Term/Value. A response is required by COB 29th November 2018. The PC concurred that these attributes were not required for user input within the context of the instrument. Next step set out in action 239 below. Closed.
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2 FX Non-Deliverable Forward

- The PC discussed the issues around CNY/CNH NDFs and the requirement for the DSB to support currency codes that are defined in the ISO 4217 list. Discussion focused on whether a broad-based rules based approach might better serve industry needs.
 - **Action 240:** DSB to distribute an email to the PC providing a summary of the proposal with analysis of existing ISINs that include Place of Settlement and/or CNH along with an example of a CNY/CNH ISIN record.
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3a Basis / Basis OIS

- The PC discussed the distinction between the Basis and Basis OIS templates.
 - **Action 241:** DSB to distribute an email to the PC and ISDA explaining the guidance that is proposed to be provided to the user community and provide feedback to the PC.
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3b FX Index Products

- Members of the PC confirmed that there no definitive requirement had been uncovered from internal investigation. **Issue closed.**
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4 FX Swap

- The proposal for a second FX Swap template (including explicit attributes) was discussed by the PC. The PC sympathized with the request, had concerns about the impact on duplicate ISIN creation as a result of a parallel template, the risk attached to making significant non-mandatory technology changes given the two regulatory deadlines in the first quarter of 2019. The PC therefore recommend that the DSB instead focus on mandatory template work required to support Q1 2019 regulatory deadline i.e. support for SI readiness and RTS-23:Field-41 related enhancements.
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5 Production Release: NDS and Other Enhancements

- The details of the Production release that took place on 2nd December 2018 – including the FX Non-Deliverable Swap and six other enhancements - were presented to the PC. No actions arising.
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6 User Notification: SI Readiness

- The details of the SI Readiness Notification that had been sent to all DSB users was presented to the PC. No actions arising.
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7a Field 41: Tenor Calculation

- The PC agreed the previously distributed proposals for the Tenor Calculator that included the working assumptions for the design and an overview of the technical design.
 - The DSB explained that the Calculation Method and Date Adjustment Indicator had been included to allow for future growth that allowed for varying calculations from other jurisdictions.
 - **Action 242:** PC requested to investigate whether the Effective Date of a Swap is adjustable and agree how that should impact the Tenor Calculator design.
 - **Action 243:** DSB to update the Tenor Calculator diagram to reflect the current design and distribute to PC members.
 - **Action 244:** DSB to present the technical details of the Tenor Calculator to the TAC for approval before proceeding further.
 - **Action 245:** DSB to distribute the Tenor Calculator functional and non-functional specification to the members of the PC – following (by 2 weeks) technical agreement by the TAC.
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7b Field 41: Notification Feedback

- The PC discussed the questions that had been raised by the user community in response to the Notification requesting Field 41 feedback.
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- **Action 246:** DSB to document the current Tenor Calculator FAQs before the next PC meeting. This document is to be in draft form and will be based on the questions and answers presented to the PC. Once published, the FAQ is intended to be a living document with updates based on incoming user queries and is intended to aid user readiness
 - **Action 247:** PC to consider the necessary response to the question concerning Partial Termination / Modification that is to be included in the Field 41 FAQ.
 - **Action 248:** DSB to present the issue of AUP and Volume Cap for the Tenor Calculator to the TAC for consideration so that the appropriate levels can be documented and applied.
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8a Commodity Indices

- The DSB reported on the responses received to the request for inclusion in the proposed Commodity Indices meeting. The invitation closes on 5th December 2018 at which point the meeting will be scheduled by the DSB. No actions arising.
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8b FISN

- The DSB presented the issue of the Portfolio Swap Single Name FISN which requires an adjusted abbreviation in order to prevent breaching the CFI 35 character limit. The DSB proposed a solution that has been put to ISO and has also been included in the solution under development
 - **Action 249:** DSB is awaiting feedback for FISN update from the relevant ISO working group and will communicate this to the PC once received
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8c Crypto-Currency Derivatives

- The DSB presented an overview of the issues surrounding the possible support of cryptocurrency or digital asset derivatives. At present, there is no explicit guidance in the area, but the issue was presented to the PC for information.
 - **Action 250:** PC to consider the issues around support for digital assets and respond to the PC.
 - **Action 251:** DSB to contact the institution that raised the issue of support for digital asset derivatives for further information and present to the PC when a response is received.
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9 AOB

n/a

Respectfully submitted,

DSB Secretariat

Minutes Approved on: 18th December 2018

Summary of Open Actions

| No | Actions | Owner | Target Date |
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| 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. | DSB Sec | 28-Nov-18 |
| 239 | DSB to investigate whether cross-asset templates can accommodate blank input values and send an email to the PC summarising the Underlying Instrument Index Term/Value functionality proposed for use in Cross-Asset templates with a Commodity component. | DSB Sec | 11-Dec-18 |
| 240 | DSB to distribute an email to the PC providing a summary of the proposal with analysis of existing ISINs that include Place of Settlement and/or CNH along with an example of a CNY/CNH ISIN record. | DSB Sec | 11-Dec-18 |
| 241 | DSB to distribute an email to ISDA explaining the guidance that is proposed to be provided for Basis / Basis OIS to the user community and provide feedback to the PC. | DSB Sec | 11-Dec-18 |
| 242 | PC requested to investigate whether the Effective Date of a Swap is adjustable and agree how that should impact the Tenor Calculator design. | DSB PC | 11-Dec-18 |
| 243 | DSB to update the Tenor Calculator diagram to reflect the current design and distribute to PC members. | DSB Sec | 11-Dec-18 |
| 244 | DSB to present the technical details of the Tenor Calculator to the TAC for approval before proceeding further. | DSB Sec | TBC |
| 245 | DSB to distribute the Tenor Calculator functional and non-functional specification to the members of the PC – following (by 2 weeks) technical agreement by the TAC. | DSB Sec | TBC |
| 246 | DSB to document the current Tenor Calculator FAQs before the next PC meeting. This document is to be in draft form and will be based on the questions and answers presented to the PC. Once published, the FAQ is intended to be a living document with updates based on incoming user queries and is intended to aid user readiness | DSB Sec | 11-Dec-18 |
| 247 | PC to consider the necessary response to the question concerning Partial Termination / Modification that is to be included in the Field 41 FAQ. | DSB PC | 11-Dec-18 |
| 248 | DSB to present the issue of AUP and Volume Cap for the Tenor Calculator to the TAC for consideration so that the appropriate levels can be documented and applied | DSB Sec | TBC |
| 249 | DSB is awaiting feedback for the FISN update from the relevant ISO working group and will communicate this to the PC once received | DSB Sec | 12-Dec-18 |
| 250 | PC to consider the issues around support for digital assets and respond to the PC. | DSB PC | 18-Dec-18 |
| 251 | DSB to contact the institution that raised the issue of support for digital asset derivatives for further information and present to the PC when a response is received | DSB Sec | 18-Dec-18 |