

DSB PRODUCT COMMITTEE MEETING MINUTES

Meeting: The 107th DSB Product Committee Meeting

Date: 19-Feb-2019 **Time:** 15.00 – 16.30 UTC **Location:** DSB Offices /
Teleconference

Chairs: Harry McAllister, BNP Paribas
Joseph Berardo, Intercontinental Exchange

Attendees: Voting Members
Michael Burg, State Street Financial
Tia Ellerman, Citigroup
Adam Lister, Bloomberg
Rene Muller, HSH Nordbank
Maros Oberman, 42 Financial Services
Jonah Platt, Citadel
Jay Shotton, JP Morgan

Non-Voting Members
David Broadway, The IA
Vincent Dessard, EFAMA
Jim Northey, FIX TC
Fiona Willis, GFMA

Observers
Eiichiro Fukase, JSDA
Takahiro Onojima, JSDA
David Olgilvie-Forbes, FCA
Christopher Akuwudike, FCA

Designated DSB Officer
Malavika Solanki, DSB

**DSB Secretariat /
Alternate DDOs**
Nathan Dagg, DSB
Simon Wiltshire, DSB

Apologies: Jourik De Lange, Smartstream RDU
Uwe Hillnhuetter, Tradeweb
Ben Scofield, Refinitiv
Kirston Winters, MarkitSERV
Karel Engelen, ISDA

Absences: Michael Sandro Bauch, Allianz Global Investors

No Topics

1 Competition Law Reminder

- Presented
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2 Review Minutes from Previous Meeting

- No comments were received and are minutes now considered final
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3 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. **Closed.**
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- **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. **Closed.**
 - **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. Dependent on action #245. **Closed.**
 - **Action 256:** DSB to present ISDA’s feedback on Basis/Basis OIS issue to the PC and to add it to the General FAQ on the DSB website. **Closed.**
 - **Action 257:** DSB to ensure that the Tenor Calculator Functional Specification document is updated in line with decisions made by the TAC. Dependent on action #245 and #248. **Closed.**
 - **Action 258:** DSB to present any changes made to the Tenor Calculator Functional Specification to the Product Committee. Dependent on action #245. **Closed.**
 - **Action 259:** PC to determine whether the Tenor Calculator Functional Specification should be subject to further industry review. Dependent on action #245 and #258. **Closed.**
 - **Action 260:** The DSB to consider the question of co-chair voting.
 - **Action 264:** The DSB Secretariat will ensure that the question of Non-Power user access to the Tenor Calculator is raised with the TAC. **Closed.**
 - **Action 265:** The DSB Product Committee members will propose additional areas of focus for the DSB in 2019 at the next PC meeting. Any feedback to provided by the Target Date. **Closed.**
 - **Action 266:** The DSB Secretariat will evaluate the pros and cons of employing a Bulletin Board for the PC – similar to that used by the TAC. **Closed** as members to revisit in H2 19 if required
 - **Action 267:** The DSB to provide the PC with the tenor calculator document which was sent to ESMA for comments. **Closed.**
 - **Action 268:** PC agreed to have members of the DSB TAC attend the next PC meeting to further discuss the implementation approaches available for the tenor calculator. A summary of the resulting discussion will be posted on the TAC bulletin board to allow any who couldn’t dial in, the opportunity to comment. **Closed.**
 - **Action 269:** DSB to circulate the current Field 41 FAQ document for the PC to review section 2.4 & 2.5 and provide feedback with the inclusion of additional scenarios. **Closed.**
 - **Action 270:** DSB to request the DSB TAC to opine on the option of the source code for the tenor calculator to be provided to industry. **Closed.**
 - **Action 271:** DSB to consult with FIX Trading Community for licence guidance application relating to the API. **Closed.**
 - **Action 272:** The PC was to feedback on the specific text in the slides provided by close of business on Thursday 24th January, prior to the DSB making the information available to users. **Closed.**
 - **Action 273:** DSB to collect and collate proposed standard tenor values (1Y, 2Y etc.). These are to be distributed to the members of the PC and TAC and passed directly to the trade associations represented at this meeting. **Closed.**
 - **Action 274:** DSB to make the Tenor Calculator Spreadsheet available to the PC and TAC membership. **Closed.**
 - **Action 275:** The DSB will send an email to the PC members containing any administrative issues and questions that could not be covered during this meeting. **Closed** as the intended contents were superseded by the meeting
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4 New Product Template : Rates Inflation Basis YoY

- The DSB discussed the deployment of a new template ‘Rates Inflation Basis YoY’ which was due be released on the 24th March as part of the IR Term of Contract (field 41) delivery, but will now be delayed
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- The PC was asked if the DSB should continue with deployment once suitable delivery dates could be identified and approved by the PC
 - The group also discussed the inclusion of Inflation Fixed Float Zero Coupon instrument in the ISDA 2.0 Taxonomy (as this has been omitted) and whether the DSB should support a template at some point in the future
 - **Action 276:** DSB to request that ISDA include Inflation Fixed Float Zero Coupon Swap in the ISDA 2.0 Taxonomy
 - **Action 277:** Following confirmation of change from ISDA, the DSB will create a template for Inflation Fixed Float Zero Coupon Swaps and revert with a target release date
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5 New Reference Rate : UK Base Rate

- DSB updated the PC that FpML has added UK-Base-Rate to their Floating Rate Index Schema which the DSB uses for Reference Rate enumerations
 - PC agreed that this should be added to the Rates templates, but stability should be maintained in the UAT to enable users to continue other testing (e.g. Brexit based testing scenarios, pre-production)
 - **Action 278:** DSB to review the current roadmap of delivery items and revert to the PC with possible delivery date for the inclusion of UK-Base-Rate in the Reference Rate enumerations
 - The group also discussed the DSB getting earlier sight of new rates being added to the ISDA Definitions and subsequent inclusion in FpML
 - **Action 279:** DSB to write to ISDA proposing that the two organizations work together to understand when a new rate or value will be added (or removed) prior to the publication from FpML
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6 Guidance on the Use of Basis and Basis OIS Templates

- The DSB provided an overview of some guidance that has been sought on the use of Float-Float instrument under various circumstances - specifically, if an OTC derivative product has a standard reference rate (eg: EURIBOR) on one leg and an OIS Reference Rate (eg: EUR-EONIA-OIS-COMPOUND) on the other leg, which product template should be used
 - The DSB updated the PC with a response provided by ISDA when the query had been raised to them, which also considered Cross Currency Swaps
 - The DSB provided some analysis of the current use of the Basis, Basis OIS templates and Cross Currency Swaps
 - The group decided that the approach provided by ISDA would be most appropriate and the DSB should use this as part of FAQ / best practice for Basis, Basis OIS and Cross Currency Swap instruments. The group also added that the validation rules for these templates should be reviewed at a later date
 - **Action 280:** DSB to extend the FAQ / best practice information for Basis, Basis OIS and Cross Currency Swap templates on the DSB website
 - **Action 281:** DSB and PC to revisit the validation rules currently being user for Basis, Basis OIS and Cross Currency Swap templates to ensure templates in Q3 19
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7 IR Term of Contract (Field 41)

- The DSB proposed not to proceed with Production implementation of Field 41 (IR Term of contract), currently scheduled for 24th March 2019 i.e. Rates and Cross-Asset templates will not contain Field 41 attributes, until further guidance from industry via the PC and TAC based on the [ESMA statement](#) delaying the implementation date of the MiFIR Q&A on Interest Rates Swaps reporting
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- The DSB advised it would not be releasing cross-asset templates (including field 41) at this time and the DSB would roll back the Field 41 changes to templates so that user can continue their testing (e.g. Brexit based testing scenarios, pre-production).
 - The DSB will continue to facilitate industry efforts to agree a model that supports consistent use of the tenor calculator for the creation and search of OTC ISIN records. The group requested some additional time to review and feedback on the Best Practice baseline previously distributed by the DSB
 - The DSB advised the PC that as a result of the delayed Field 41 date, the FAQ document would need to be revised and update to reflect current state.
 - The group discussed the reading of the statement issued by ESMA, and noted there has not been a common understanding or reading of the text by industry and this has meant industry may have different timeframe for the delay compared to that of ESMA.
 - The DSB provided the timing for re-implementation of Field 41 changes to the templates, which would mean the PC may have to decide soon if the changes needed to be implemented prior to Q3. The group requested the DSB contact ESMA directly to clarify implementation timings
 - **Action 282:** the DSB to contact ESMA directly to clarify timings in order to align implementation timings
 - The DSB advised the PC that the Inflation Basis Swap validation release would not be release due to the deferral of Field 41 and that would have to be rolled into the next production release. The PC commented that they were happy with this approach.
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8 Regulatory Announcements

- The DSB provided an update of recent regulatory updates
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9 ISIN Hierarchy

- The DSB provided an update of the DSB TAC being the process of examining the technical aspects of implementing an ISIN hierarchy, as requested through industry consultation in relation to the proposed UPI
 - The DSB asked the PC it believes that the DSB should expand the scope of its technical analysis to support an ISIN hierarchy that sits both above and below the current level of the ISIN, given the ongoing review by the TAC, the SG2 feedback and the PC's stated 2019 goal of investigating ISIN provision for items such as FRTB. The PC stated the DSB should commence review of the UPI proposal and make a determination about the need for additional lower level hierarchies as the analysis progressed
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10 Dynamic Enumerations

- Item not discuss due to time. Held over.
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11 AOB

- No items discussed due to lack of time.
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Respectfully submitted,

DSB Secretariat

Minutes Approved on: 5th March 2019

Summary of Open Actions: from this meeting.

No	Actions	Owner	Target Date
276	DSB to contact ISDA and query if they will be adding Inflation Fixed Float Zero Coupon to the ISDA 2.0 Taxonomy	DSB Sec / ISDA	19-Mar-19
277	Following confirmation of change from ISDA, the DSB will create a template for Inflation Fixed Float Zero Coupon Swaps and revert with a target release date	DSB Sec	19-Mar-19
278	DSB to review the current roadmap of delivery items and revert to the PC with possible delivery date for the inclusion of UK-Base-Rate in the Reference Rate enumerations	DSB Sec	19-Mar-19
279	DSB to write to ISDA proposing that the two organizations work together to understand when a new rate or value will be added (or removed) prior to the publication from FpML	DSB Sec / ISDA	05-Mar-19
280	DSB to extend the FAQ / best practice information for Basis, Basis OIS and Cross Currency Swap templates on the DSB website	DSB Sec	19-Mar-19
281	DSB and PC to revisit the validation rules currently being user for Basis, Basis OIS and Cross Currency Swap templates to ensure templates in Q3 19	DSB Sec / PC	19-Mar-19
282	The DSB to contact ESMA directly to clarify timings in order to align implementation timings	DSB Sec	19-Mar-19

Summary of Open Actions: for 2019

No	Actions	Owner	Target Date
260	The DSB to consider the question of co-chair voting.	DSB Sec	05-Feb-19
275	The DSB will send an email to the PC members containing any administrative issues and questions that could not be covered during this meeting.	DSB Sec	15-Feb-19