

DSB PRODUCT COMMITTEE MEETING MINUTES

Meeting: The 170th DSB Product Committee Meeting

Date: 19-Oct-2021 **Time:** 15.00 – 16.30 UTC **Location:** DSB Offices /
Teleconference

Name	PC Role	Institution	Attendance
Harry McAllister	Co-Chair	BNP Paribas	Yes
Joseph Berardo	Co-Chair	Intercontinental Exchange	Yes
Michael Burg	Product Committee Member	State Street Financial	Yes
Martyn Cole	Product Committee Member	Refinitiv	Yes
Jourik De Lange	Product Committee Member	Smartstream RDU	Yes
Dawd Haque	Product Committee Member	Deutsche Bank	Yes
Dominic Harth	Product Committee Member	Union Investment Privatfonds GmbH.	Absent
Uwe Hillnhuetter	Product Committee Member	Tradeweb	Apologies
Nicholas Moger	Product Committee Member	J.P Morgan	Yes
Navraj Panesar	Product Committee Member	Citigroup	Absent
Gregg Rapaport	Product Committee Member	DTCC	Yes
Kirston Winters	Product Committee Member	IHS Markit	Apologies
Mari Asakura	Regulatory Observer	JSDA	Absent
Davide Panadori Cino	Regulatory Observer	ESMA	Apologies
Giulia Ferraris	Regulatory Observer	ESMA	Apologies
Eiichiro Fukase	Regulatory Observer	JSDA	Yes
Dr Olaf Kurpiers	Regulatory Observer	BaFin	Apologies
Frank Lasry	Regulatory Observer	AMF	Apologies
Jean O Bray	Regulatory Observer	FCA	Yes
Alex Stirling	Regulatory Observer	FCA	Yes
Robert Stowsky	Regulatory Observer	CFTC	Yes
Dominik Zeitz	Regulatory Observer	BaFin	Absent
Andrew Bayley	Observer	ISDA	Yes
Lisa Taikitsadaporn	Observer	FIX Trading Community	Yes
Fiona Willis	Observer	GFMA	Absent
Emma Kalliomaki	DSB Board Sponsor	DSB Board	Yes
Malavika Solanki	DDO	DSB	Yes
Simon Wiltshire	Alternate DDO	DSB	Yes
Adam Grace	Alternate DDO	DSB	Yes
Yuval Cohen	Presenter	DSB	Yes

No Topics

1 Introduction & Agenda

2 Competition Law Reminder

Presented

3	Review Minutes from Previous Meeting		
	The prior meeting's minutes were approved and are now considered final.		
4	Announcements		
	DSB Heightened Awareness Period		
	The Technical Advisory Committee (TAC) have extended the DSB heightened awareness period through to 5 th December 2021.		
	OTC ISIN & UPI Status		
	The PC was advised that the DSB is evaluating timelines for publication of both documents for review, and will provide the PC with dates for doc review in due course.		
	UPI CRF's - Publication of New Versions		
	The updates to the UPI CRF's to include the structured Underlier Input Method are to be published on the DSB website before the end of October.		
5	Open Actions		
412	DSB to provide an update to regulators on CFI 2019 adoption following any updated approach being shared with the DSB PC once TAC feedback has been received. <i>Update: Principles reviewed and agreed at the PC meeting.</i>	DDO	CLOSED
413	The DSB to obtain regulatory feedback on CFI 2019 adoption after the initial outreach by the DSB, following completion of action 412.	DDO	OPEN
485	The DSB are to work with the PC to produce best practice guidance on the treatment of the funding leg in the generation of UPIs.	DDO	OPEN
497	The DSB to arrange a dedicated review session of the proposed approach to facilitate support for the transition from the ISO 10962 (CFI) 2015 standard to 2019 version of the code-set. <i>Update: Target Date extended – Additional review sessions required. Related to action 412.</i>	DDO	CLOSED
500	The DSB to publish best practice and/or updates to the UPI FAQ following questions from PC members. <i>Update: DSB documentation now updated to reflect open questions.</i>	DDO	OPEN
506	PC to discuss feedback from regulators relating to questions received regarding industry's queries pertaining to the UPI.	DDO	OPEN
508	PC to discuss feedback from CFI maintenance agency regarding NDF's on Bitcoin. <i>Update: awaiting review and feedback from ISO</i>	DDO	OPEN
511	The DSB to raise the issue of Backwards Compatibility for the OTC ISIN and UPI with the CDIDE for further consideration.	DSB	OPEN
514	This new OTC ISIN status and status reason regarding Orphan ISINs to be reflected in the OTC ISIN status materials. <i>Update: provided at the meeting.</i>	DDO	OPEN

515	The DSB to revert with a date for PC review of the UPI Status document. <i>Update: provided at the meeting.</i>	DDO	OPEN
516	The DSB to publish the updated CRFs including details of the structured Underlier Input Method	DSB	CLOSED
517	The DSB to ask responsible institutions for information concerning the creation of Non-Standard Options without Option Type / Exercise Style.	DDO	OPEN
518	The DSB to present details of “M” and “X” CFI values for the CFI 2015 / 2019 migration. <i>Update: Principles reviewed and agreed at the PC meeting.</i>	DDO	CLOSED

6-8	Current DSB Tasks	Status	Priority
DSB-8	Review Source of Commodity Index DSB to continue discussion with Commodity index providers with the aim of having an agreed design and an agreement in principle by end of Q3 2020.	In Prog	Med
DSB-53	Set Maximum Number of Items in Arrays The system needs to impose a maximum number of input values against each array to protect the system from unvalidated input.	Tech	Low
DSB-62	CFI Code Service DSB-managed service that will return CFI codes for any OTC derivative products without the associated generation of an ISIN (Analysis Only).	Tech	Med
DSB-63	RTS 2 Sub-Asset Class Mapping To provide a mapping of DSB products to MiFID II (RTS 2) Sub-Asset Class and publication in machine-and human-readable formats (Analysis Only).	In Prog	High
DSB-67	GUI Search Utility Improvements To examine how the GUI-based search utility may be improved to allow users to perform searches without search semantic knowledge (Analysis Only).	Tech	Low
DSB-90	Price Multiplier Validation The Price Multiplier is subject to inconsistent rounding when very large numbers are input (eg: greater than 18 digits).	Tech	Med
DSB-133	Prop Index Process Analysis Analyse the Proprietary Index management provision to identify efficiency and service improvements.	Tech	Low
DSB-370	CFI 2019 Support Support the updated 2019 ISO Standard for CFI (10962) throughout the DSB product suite.	Tech	High
DSB-1076	Structured Email Messages To allow users to specify the types of DSB notification that they receive.	In Prog	Low

DSB-1120	ISDA 2021 New GUI Titles To provide solution options in implementing ISDA 2021 changes in the GUI to enhance user-experience.	In Prog	Med
DSB-1132	Search Only User Type To provide a cost-effective solution for DSB API users who wish to perform searches against the OTC ISIN database in real-time without the ability to create ISINs.	Tech	Low
DSB-1135	Streamline two-step OTC ISIN Streamline process of two-step OTC ISIN generation (Swaption/FX Swap)	Queue	Med
DSB-1502	RATES : Add new FROs to the to the Rates and Non-Standard Enumerated Lists (part 1)	Sched	High
DSB-1503	RATES : Add new FROs to the to the Rates and Non-Standard Enumerated Lists (part 2)	In Prog	High

8 CFI Transition

The DSB presented the PC detailed analysis highlighting the differences in CFI granularity between the CFI 2015 & 2019 standards. It was noted that CFI granularity changes occurred for each of the Commodities, FX and Rates asset classes, and the DSB presented proposals for the PC's review and opinion regarding mapping across the two standards to facilitate backward compatibility to support both versions of the CFI standard.

- Commodities/Forward – DSB proposal was approved.
- Commodities/Option – DSB proposal was approved.
- Commodities/Swap – DSB proposal was approved.
- FX/Forward – The PC confirmed that the Underlying Asset values in CFI 2015 should be mapped to the equivalent “Currency Pair” value in CFI 2019, and that products created with an underlying asset of either “Currency Index” or “Custom Basket of Currencies” in CFI 2019 should reflect a value of “X” when a backwardly compatible value for CFI 2015 as created. All other proposals relating to FX Forwards were approved.
- FX/Option – The PC confirmed that the Underlying Asset values in CFI 2015 should be mapped to the equivalent “Currency Pair” value in CFI 2019, and that products created with an underlying asset of either “Currency Index” or “Custom Basket of Currencies” in CFI 2019 should reflect a value of “M” when a backwardly compatible value for CFI 2015; as created as “M – Other” was a valid 2015 CFI value for FX Options but not FX Forwards. All other proposals relating to FX Options were approved as the proposals sought to prevent information loss that may result if the prevailing granularity was not retained.

The PC requested that the DSB provide data confirming what underlying asset values were currently being referenced – for each of FX Forwards and FX Options - in the creation of OTC ISINs when using the CFI 2015 standard. >**Action519**.

- FX/Swap – DSB proposal was approved.
- Rates/Option – DSB proposal was approved on the basis that “Others (Miscellaneous) – M” in CFI 2015 reflected the equivalent in 2019 and vice versa.
- Rates/Swap – DSB proposal was approved.

Following completion of the review, the PC noted that:

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- The principles agreed over recent months would be consolidated and shared with regulators in the coming weeks for their review. **>Action520**
 - The principles agreed at meetings over recent months would be consolidated and used to underpin a formal change request document to support implementation of the initiative. **>Action521**
 - The DSB would be in a position to revert with implementation timelines following completion and sign-off of the change request document (**>Action522**), and the UPI service would be launched on the basis of the 2015 version of the CFI standard (ISO 10962), with subsequent changes to facilitate transition.
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9 DSB-1502 : ISDA 2021 Definitions

The DSB presented the release status and ISO Reference Rate mapping for DSB-1502 ahead of 24th October release.

10 DSB-1120 : ISDA 2021 GUI Suffix

To improve data quality and to assist GUI users the DSB is proposing that a suffix be added to the Reference Dropdown for GUI users indicate the ISDA Definition against each entry in the Reference Rate dropdown. The DSB proposed to use the FpML Coding Scheme xml (www.fpml.org/coding-scheme/floating-rate-index) as the source of these values.

The PC **APPROVED** the proposal.

Product Release Schedule

N/A

AOB

A Member of the PC raised a question with the DSB regarding service capacity to support enhanced OTC ISIN creation and search resulting from the FCA requirement for IBOR transition by year end 2021. There is potential for the DSB to see a large number create requests as users generate OTC ISINs using the new RFR rates. The PC noted that if a number of users were to request a large number of ISINs in a concurrent manner, the DSB would need to review and revert following a review of any capacity constraints.

PC Members also sought DSB confirmation that users were able to pre-populate the database and create OTC ISINs in advance of any specific industry transition windows. The DSB confirmed that commencing the implementation of new reference rates on 20th September 2021, DSB users had been able to create and/or search for OTC ISINs on any reference rates available in relevant product templates.

It was agreed that (a) ISDA would provide an indication of the reference rates most likely to be impacted by the change and a view on the most likely change windows expected by the market (**>Action 523**); (b) the DSB would review the information from ISDA and revert to the PC in the event of any capacity constraint, while liaising with the TAC where necessary. **>Action524**

Respectfully submitted,

DSB Secretariat

Minutes Approved on: 02/11/2021

Summary of Open Actions	Owner	Target Date
412 DSB to provide an update to regulators on CFI 2019 adoption following any updated approach being shared with the DSB PC once TAC feedback has been received.	DDO	TBC
413 The DSB to obtain regulatory feedback on the CFI 2019 approach after the initial outreach by the DSB, following completion of action 412.	DDO	TBC
485 The DSB are to work with the PC to produce best practice guidance on the treatment of the funding leg in the generation of UPIs	DDO	TBC
497 The DSB to arrange a dedicated review session of the proposed approach to facilitate support for the transition from the ISO 10962 (CFI) 2015 standard to 2019 version of the code-set.	DDO	24-Aug-21
500 The DSB to publish best practice and/or updates to the UPI FAQ following questions from PC members.	DDO	TBC
506 PC to discuss feedback from regulators relating to questions received regarding UPI.	DDO	TBC
508 PC to discuss feedback from CFI maintenance agency regarding NDF's on Bitcoin.	DDO	TBC
511 The DSB to raise the issue of Backwards Compatibility for the OTC ISIN and UPI with the CDIDE for further consideration.	DDO	24-Aug-21
514 This new OTC ISIN status and status reason regarding Orphan ISINs to be reflected in the OTC ISIN status materials.	DDO	TBC
515 The DSB to revert with a date for PC review of the UPI Status document.	DDO	TBC
516 The DSB to publish the updated CRFs including details of the structured Underlier Input Method.	DSB	05-Oct-21
517 The DSB to ask responsible institutions for information concerning the creation of Non-Standard Options without Option Type / Exercise Style.	DDO	19-Oct-21
518 The DSB to present details of "M" and "X" CFI values for the CFI 2015 / 2019 migration.	DSB	19-Oct-21
519 The DSB provide data confirming what underlying asset values were currently being referenced – for each of FX Forwards and FX Options - in the creation of OTC ISINs when using the CFI 2015 standard.	DSB	02-Nov-21
520 UPI principles agreed by the PC are to be shared with regulators	DDO	TBC
521 UPI principles agreed to be consolidated and used to underpin a formal change request document to support implementation of the initiative	DSB	TBC
522 The DSB to revert with implementation timelines following completion and sign-off of the change request document	DSB	TBC

523	ISDA to provide an indication of the reference rates most likely to be impacted by the IBOR transition and a view on the most likely change windows expected by the market.	ISDA	TBC
524	The DSB to review the information from ISDA and revert to the PC in the event of any capacity constraint, and liaising with the TAC where necessary.	TAC SEC	TBC

Summary of New or Updated DSB Tasks	Status	Priority
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