

DSB PRODUCT COMMITTEE MEETING MINUTES

Meeting: The 159th DSB Product Committee Meeting

Date: 20-Apr-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 | Apologies |
| Martyn Cole | Product Committee Member | Refinitiv | Absent |
| 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. | Yes |
| Uwe Hillnhuetter | Product Committee Member | Tradeweb | Yes |
| Nicholas Moger | Product Committee Member | J.P Morgan | Apologies |
| Navraj Panesar | Product Committee Member | Citigroup | Apologies |
| Gregg Rapaport | Product Committee Member | DTCC | Yes |
| Kirston Winters | Product Committee Member | IHS Markit | Yes |
| Mari Asakura | Regulatory Observer | JSDA | Absent |
| Davide Panadori Cino | Regulatory Observer | ESMA | Yes |
| Ayo Fashina | Regulatory Observer | FCA | Yes |
| Giulia Ferraris | Regulatory Observer | ESMA | Yes |
| Eiichiro Fukase | Regulatory Observer | JSDA | Absent |
| Emma Kalliomaki | DSB Board Sponsor | DSB Board | Yes |
| Dr Olaf Kurpiers | Regulatory Observer | BaFin | Apologies |
| Frank Lasry | Regulatory Observer | AMF | Apologies |
| Robert Stowsky | Regulatory Observer | CFTC | Yes |
| Dominik Zeitz | Regulatory Observer | BaFin | Yes |
| Andrew Bayley | Observer | ISDA | Yes |
| David Broadway | Observer | Investment Association | Yes |
| Lisa Taikitsadaporn | Observer | FIX Trading Community | Yes |
| Fiona Willis | Observer | GFMA | Absent |
| Malavika Solanki | DDO | DSB | Yes |
| Simon Wiltshire | Alternate DDO | DSB | Yes |
| Adam Grace | Alternate DDO | DSB | Yes |

No Topics

1 Introduction & Agenda

2 Competition Law Reminder

Presented

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| 3 | Review Minutes from Previous Meeting | | |
| | The prior meeting's minutes were updated as requested and are now considered final. | | |
| 4 | Announcements | | |
| | DSB Current COVID19 Status | | |
| | The DSB (TAC) are considering extending the current heightened awareness period through to the May 31 st , 2021. | | |
| | New PC Member | | |
| | A new Regulatory Observer, Davide Panadori Cino from ESMA was welcomed to the PC. | | |
| | PC Member Departure | | |
| | David Broadway, a long standing PC Observer is stepping down from his role with the PC. His contributions to the PC were acknowledged by the Co-Chairs and wider group and David was wished well in all future endeavours. | | |
| 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. | DDO | OPEN |
| | <i>Update: See Section 8</i> | | |
| 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 |
| 432 | The DDO to work with the CDIDE Chairs and PC Members to identify, address and document the industry's information needs. | DDO | OPEN |
| | <i>Update: Ongoing work – Target date moved to year-end 2021.</i> | | |
| 435 | CFTC to present agreed UPI masking requirement for less liquid underliers to the PC. | CFTC | OPEN |
| 438 | ISDA to provide an update to the PC once FRO related changes have been finalized. | ISDA | OPEN |
| 465 | AG1 to present details of the proposed ISO 20022 changes. | AG1 | OPEN |
| | <i>Update provided at the meeting, as :-Members welcomed the proposal for harmonization and intended discussions within ISO TC 68, and noted that guidelines and best practice principles would be required to support consistent use in the physical message model layer in subsequent adoption by the user community. Further details to be presented at next meeting.</i> | | |
| 468 | The DSB to make the UPI Project Milestones available via the DSB website. | DDO | CLOSED |
| 469 | The DSB are to establish how the ISO 4914 (UPI) specification can be shared with PC members. | DDO | OPEN |

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| 471 | ISDA to revert to the PC if industry's expectation that all required reference rate information will be available in FpML cannot be met in a manner that enables access to a single authoritative data source. | ISDA | OPEN |
| 472 | The DSB to confirm the value to be returned for Contract Specification on legacy ISINs. <i>Update: The DSB are awaiting feedback before confirming.</i> | DSB | OPEN |
| 473 | The DSB to forward to the CDIDE the concerns of the PC over the inclusion of Underlying Debt Issuance Tenor Period/Multiplier in ISO 4914 (UPI). | DSB | CLOSED |
| 474 | CDIDE to respond to the PC's concerns regarding the current ISO 4914 conditional attributes. <i>Update: Action updated to reflect the additional responses to the CIDIE</i> | CIDIE | OPEN |
| 475 | The DSB to raise a request for a one-step generation process for Swaptions (and other multi-part products) with the DSB Technical Team. <i>Update: Has been proposed for inclusion in the 2022 OTC ISIN/CFI service-related industry consultation.</i> | DSB | 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 |

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|-----------------|--|---------|------|
| 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-972 | Update FpML Reference Rates Update FpML Reference Rates following ISDA 2021 Definitions Review. | In Prog | High |
| DSB-974 | New Attribute: Standard Contract Type Add Standard Contract Type to Single Name CDS templates. | In Prog | Med |
| DSB-1002 | ISDA 2021: New FROs The DSB will need to support all of the new FROs as new entries in the enumerated list used across Rates and Non-Standard templates that include FROs as an underlier. | In Prog | 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 | High |
| 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-1266 | New Reference Rate : USD-AMERIBOR (x3) Add three new USD-AMERIBOR to the enumerated list of Reference Rates for RATES and Non-Standard templates. | Sched | Med |

8 CFI 2015/19 Transition Timeline

The DSB presented the PC with the near term timeline to support the transition from the CFI 2015 standard to the 2019 standard. The Technical Proposal is expected to shortly be shared with the DSB Technology Advisory Committee (TAC) for review and will be shared with the PC once TAC feedback has been incorporated - currently scheduled for end of June 2021. The PC will have the opportunity to review and provide feedback before the proposal is shared with regulators and market participants.

The PC acknowledged the proposed timeline and noted that, with the summer holiday period expected to commence shortly after the PC's review period is initiated, the DSB should expect to share any revised proposal (incorporating the PC's feedback) with regulators no earlier than September 2021. The PC also noted that the DSB's proposed CFI transition timeline would need to incorporate sufficient time for both regulatory adoption as well as market readiness (subject to the proposed design principles) and aim to avoid any unnecessary industry disruption.

The PC also stated its preference to launch the DSB's UPI service with a single consistent view across the most up to date version of all available ISO standards (across each of the CFI, UPI and OTC ISIN) in order to avoid the need for "patching" activities to reflect updates that may occur within a few months of UPI service launch in 2022.

Action 476: DSB to liaise internally to determine if the proposal can be shared with the PC any earlier than the current proposed date.

Action 477: DSB to ensure that regulators are made aware of the proposed timelines shared with the PC and the PC's views as set out above, to aid readiness.

9 Portfolio Swaps : CFI Code – Sub Committee Review

The PC were presented with the outcome of discussions by a sub-committee reviewing whether and how Portfolio Swaps should be distinguishable at the CFI level. The conclusions reached were:

1. Portfolio Swaps do need to be distinguished at the level of the CFI.
2. A change is only required for Equity Swaps and no other asset classes at this time, with no requirement for a new instrument type to be introduced.
3. The letter "P" to denote "Portfolio Swaps" should be introduced in the third attribute of the CFI code for Equity Swaps, alongside the existing value of "X", which would be used to denote any other kind of Swap.
4. Changes would only be reflected in the OTC ISIN on a forward-looking basis ie. in keeping with current policy, no changes would be made to OTC ISIN records created before the CFI code change is introduced.

The next steps for the DSB are to share the minutes from the sub-committee meeting with PC members when finalized and subsequently a formal summary of the proposal to the CFI Maintenance Agency (CFI MA) which has superseded the ISO AG1 group. >**Action478 & Action479.**

It was agreed that the DSB would seek to obtain information from the CFI MA about the timeline for adoption of any change to the CFI code list, following which the DSB would work with the PC on discussions regarding implementation timing in the OTC ISIN.

10 2021 ISDA Definitions – Update

The DSB presented the PC the status of the ISDA 2021 Definitions release and the PC were informed that the finalised 2021 FRO list is expected to be released shortly – following industry review.

The DSB confirmed that the previously agreed production release date (15th August 2021) would still be achievable if the finalised FRO list was published before 17th May 2021.

11 UPI : Product Definitions – Swaptions

The previous meeting of the PC had approved the use of the UPI as an identifier for Swaps underlying a UPI Swaption. However, a request was received for the members of the PC to consider the following questions:

- *Are there any Exchange Traded Swaps?*
- *Can an underlying of a Swaption have an NNA issued ISIN, while the Swaption has a DSB issued EZ ISIN?*

Following discussion, PC members agreed that no change was required and that the DSB should continue with the previously agreed approach.

12 UPI : FX Settlement CCY

The DSB confirmed that ISO 4914 (UPI) specifies Settlement Currency as a mandatory attribute for all FX Derivatives (Swap, Forward, Option, Other). In-line with previously agreed principles for the UPI project, the DSB proposed that this attribute is to be added to the relevant OTC ISIN and UPI product definitions – to ensure ISO 4914 conformance and to maintain the UPI / OTC hierarchy.

The PC expressed its concern over the inclusion of Settlement Currency as a mandatory attribute for all FX derivative products and it was agreed that the CDIDE will be asked (by the DSB) to review the specification and respond to the PC once regulators have had an opportunity to consider the PC's concerns. >**Action 480.**

Until a response has been received and to allow progress on the specification of the product definitions to continue, members of the PC agreed that the DSB are to regard Settlement Currency as a Conditional attribute and will base UPI functionality on the equivalent OTC ISIN product definitions.

13 UPI : Custom Baskets – Requirements

Held over to next meeting.

14 UPI : Single or Interpolated Tenor Assessment

The DSB confirmed that ISO 4914 (UPI) specifies Single or Interpolated Reference Rate Tenor as a conditional attribute for all Rates Forwards. In-line with previously agreed principles for the UPI project, the DSB proposed that this attribute is to be added to the relevant OTC ISIN and UPI product definitions – to ensure ISO 4914 conformance and to maintain the UPI / OTC hierarchy.

The PC expressed its concern over the inclusion of Single or Interpolated Reference Rate Tenor as an attribute for Rates Forwards and it was agreed that the CDIDE will be asked (by the DSB) to review the specification and respond to the PC once regulators have had an opportunity to consider the PC's concerns. >**Action 481.**

Until a response has been received and to allow progress on the specification of the product definitions to continue, members of the PC agreed that the DSB are to remove the Single or Interpolated Reference Rate Tenor attribute from the relevant product definitions.

15 UPI : Product Definitions Status

The DSB updated the PC of the progress made with the new UPI Product Definitions. The DSB plan to make these available for review once the remaining principles have been confirmed.

16 TAC SSC Questions

Held over to next meeting.

AOB

N/A

Respectfully submitted,

DSB Secretariat

Minutes Approved on: 04/05/2021

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 |
| 432 | The DDO to work with the CDIDE Chairs and PC Members to identify, address and document the industry's information needs regarding the UPI timeline and key implementation related matters. | DDO | Q4-21 |
| 435 | CFTC to present agreed UPI masking requirement for less liquid underliers to the PC. | CFTC | TBC |
| 438 | ISDA to provide an update to the PC once FRO related changes have been finalized | ISDA | 19-Feb-21 |
| 465 | AG1 to present details of the proposed ISO 20022 changes. | AG1 | 04-May-21 |
| 469 | The DSB are to establish how the ISO 4914 (UPI) specification can be shared with PC members. | DSB | 04-May-21 |
| 471 | ISDA to revert to the PC if industry's expectation that all required reference rate information will be available in FpML cannot be met in a manner that enables access to a single authoritative data source. | ISDA | TBC |
| 472 | The DSB to confirm the value to be returned for Contract Specification on legacy ISINs. | DSB | 20-Apr-21 |
| 474 | CDIDE to respond to the PC's concerns regarding the use of underlying debt issuance tenor for all credit derivatives. | CDIDE | TBC |
| 476 | DSB to liaise internally to determine if the proposal can be shared with the PC any earlier than the current proposed date. | DSB | 18-May-2021 |
| 477 | DSB to ensure that regulators are made aware of the proposed timelines shared with the PC and the PC's views as set out above, to aid readiness. | DDO | 18-May-21 |
| 478 | The DSB are to share the minutes from the sub-committee meeting with PC members. | DDO | 04-May-21 |
| 479 | The DSB to share the agreed proposal for the treatment of Portfolio Swaps when determining the CFI code. | DDO | 18-May-21 |
| 480 | The DSB to forward to the CDIDE the concerns of the PC over the definition of Settlement CCY as a mandatory attribute for FX Derivatives in ISO 4914 (UPI). | DSB | 04-May-21 |
| 481 | The DSB to forward to the CDIDE the concerns of the PC over the inclusion of Single or Interpolated Reference Rate Tenor in ISO 4914 (UPI). | DSB | 04-May-21 |

Summary of New or Updated DSB Tasks

Status

Priority

