

DSB PRODUCT COMMITTEE MEETING MINUTES

Meeting: The 128th DSB Product Committee Meeting

Date: 26-Nov-2019 **Time:** 15.00 – 16.30 UTC **Location:** DSB Offices /
Teleconference

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

Attendees: **Voting Members**

Michael Burg, State Street Financial
Jourik De Lange, Smartstream RDU
Uwe Hillnhuetter, Tradeweb
Rene Muller, Hamburg Commercial Bank AG
Gregg Rapaport, DTCC
Michael Sandro Bauch, Allianz Global Investors
Ben Scofield, Refinitiv
Jay Shotton, JP Morgan
Kirston Winters, MarkitSERV

TAC Members (as SDAs)

Shari Lines, Morgan Stanley
Chris Pulsifer, Bloomberg

Non-Voting Members

David Broadway, The IA
Vincent Dessard, EFAMA

Observers

Eiichiro Fukase, JSDA
Emma Kalliomaki, DSB Board
David Olgilvie-Forbes, FCA

Designated DSB Officer

Malavika Solanki, DSB

DSB Secretariat /

Alternate DDOs

Simon Wiltshire, DSB
Nathan Dagg, DSB

Apologies: Tia Ellerman, Citigroup
Karel Engelen, ISDA
Fiona Willis, GFMA

Absences: Adam Lister, Bloomberg
Maros Oberman, 42 Financial Services
Jonah Platt, Citadel
Olaf Kurpiers, BaFin
Jim Northey, FIX TC

No Topics

1 Introduction & Agenda

2 Competition Law Reminder

- Presented.
-

3 Review Minutes from Previous Meeting

- No comments were received.
 - The minutes for 12-Nov-2019 are considered final.
-

4 Open Actions

- **Action 308:** The setting of Term of Contract for products with differing Effective Dates on the Fixed and Floating legs is to be included on the agenda for the next PC meeting, following feedback from ESMA. **Open.**
- **Action 334:** The DSB to contact ESMA about the impact of FX Swap Delivery Type on mapping existing ISIN submissions and users post implementation change. **Open**
- **Action 344:** ISDA to set up a conference call to discuss the treatment of the Effective Date in the newly deployed Term of Contract / Field 41 functionality. **Open.**
- **Action 355:** DSB to analyse FX Swap ISIN creation trends to determine whether and how user activity may have evolved alongside updates to regulatory guidance. **Closed.**
- **Action 356:** DSB to send an email to PC members and DSB users responsible for the creation of Non-Standard FX Forwards and Options with XXX as a Settlement Currency requesting information on the circumstances under which a Settlement Currency of “XXX” had been used. **Closed.**
- **Action 357:** DSB to provide additional information on the single €STR Fixed Float product that used “Cash” as a Delivery Type. **Closed.**
- **Action 358:** The ISDA Symbology Group are to report back on industry consensus for the setting of Reference Rate Term in €STR Fixed Float products. **Open.**
- **Action 359:** DSB to provide additional information on the method employed in the generation of €STR Fixed Float products – whether using “By Tenor” or “By Effective Date”. **Closed.**
- **Action 360:** DSB to send the revised FAQ text for the treatment of Spot/Forward FX Swaps to members of the PC for approval. **Closed.**
- **Action 361:** DSB to send the detailed specification for the new Rates.Option.Inflation Cap Floor template to members of the PC for approval. **Closed.**
- **Action 362:** The DSB to distribute a description of the current CDS Single Name ISIN generation process to members of the PC for comment. **Closed.**

5 Announcements

PC Email Request

- The DSB confirmed that an email had been sent to all PC members requesting views on the following subjects:
 1. FAQ Text for “How do I generate / retrieve an FX Swap ISIN where the near leg has a Spot tenor?”
 2. New template specification: Rates . Option . Inflation Cap Floor
- ...and that no responses were received and so the DSB will continue as proposed in the email.

17-Nov-2019 Release

- The DSB confirmed the release into Production of the following two new product templates:
 1. Rates . Swap . Inflation Basis YoY
 2. Rates . Swap . Inflation Fixed Float Zero Coupon
- **Action 363:** The DSB are to provide statistical comparison showing usage of the new templates versus existing Rates . Inflation templates.

6 Commodities Taskforce

- The DSB provided a summary of the first meeting of the reconvened Commodities Taskforce.
- The overall objective of the Taskforce is to expand the list of Underlying Instrument Indices available for user selection (currently “OTHER”).
- The DSB Secretariat will organize a follow up conference call to discuss responses from the Taskforce members for 4th December 2019.

-
- No actions arising.
-

7 €STR Metrics: Follow Up Information

- The DSB presented further statistical data on the usage of the €STR (EUR-EuroSTR-COMPOUND) reference rate since its deployment in the Production environment.
 1. **Use of a Delivery Type of “CASH” in Fixed Float IRS ISIN creation.**

The PC expressed a concern that the statistics may suggest that the Best Practice guidance from ESMA is not understood and that more work is required with industry groups to improve engagement.

Action 364: The DSB are to reach out to industry groups (eg: ISDA, EVIA) to discuss an approach to improving knowledge of the ESMA guidance within the industry.
 2. **Use of “By Tenor” versus “By Effective Date” in Rates ISIN creation.**

Action 365: The DSB are to provide a statistical breakdown of all Rates templates input using “By Effective Date” to highlight differences between standard and broken-dated terms of contract - once industry practice has bedded down (early 2020).
-

8 FX Swap: Metrics

- The DSB presented a summary of trends in FX Swap ISIN creation since the inception of the DSB.
 - The PC were not able to identify any change in behaviour due to updates in the ESMA guidance but advised that the DSB should revisit this subject in 2020 in order to see whether the updated FX Swap FAQ text has impacted behaviour.
 - No actions arising.
-

9 FX Swap: Settlement Currency XXX

- The DSB confirmed that they had reached out to PC members and DSB users responsible for the creation of Non-Standard FX Forwards and Options with XXX as a Settlement Currency requesting information on the circumstances under which a Settlement Currency of “XXX” had been used and that no positive response had been received.
 - The DSB presented a form of text that is proposed for inclusion in the FAQ section of the DSB website to provide guideline for the use of Settlement Currency for the generation of FX Swap ISINs.
 - **Action 366:** The DSB are to send a revised form of the proposed text concerning the use of Settlement Ccy for FX Swaps to all members of the PC for review.
-

10 Field 41 Implementation

- The meeting discussed an issue concerning the use of legacy ISINs by the industry following an update to the version number of DSB product templates.
 - The specific example used in the presentation concerned the recent release of the new Rates template versions and the impact on ToTV following the introduction of Term of Contract (Field 41).
 - The meeting agreed that wider industry discussion was required on this issue and that a discussion with ISDA would need to be initiated.
 - **Action 367:** The DSB to include the subject of ISIN amendment and adoption in the PC Agenda for the next meeting.
-

11 AOB

- No items presented.
-

Respectfully submitted,

DSB Secretariat

Minutes Approved on:

Summary of Open Actions

No	Actions	Owner	Target Date
308	The setting of Term of Contract for products with differing Effective Dates on the Fixed and Floating legs is to be included on the agenda for the next PC meeting.	DSB Sec	14-May-19
334	The DSB to contact ESMA about the impact of FX Swap Delivery Type on mapping existing ISIN submissions and users post implementation change.	DSB Sec	23-Jul-19
344	ISDA to set up a conference call to discuss the treatment of the Effective Date in the newly deployed Term of Contract / Field 41 functionality.	ISDA	15-Oct-19
358	The ISDA Symbology Group are to report back on industry consensus for the setting of Reference Rate Term in €STR Fixed Float products	ISDA	26-Nov-19
363	The DSB are to provide statistical comparison showing usage of the new templates versus existing Rates . Inflation templates.	DSB Sec	10-Dec-19
364	The DSB are to reach out to industry groups (eg: ISDA, EVIA) to discuss an approach to improving knowledge of the ESMA guidance within the industry.	DSB Sec	10-Dec-19
365	The DSB are to provide a statistical breakdown of all Rates templates input using “By Effective Date” to highlight differences between standard and broken-dated terms of contract - once industry practice has bedded down.	DSB Sec	28-Jan-19
366	The DSB are to send a revised form of the proposed text concerning the use of Settlement Ccy for FX Swaps to all members of the PC for review.	DSB Sec	10-Dec-19
367	The DSB to include the subject of ISIN amendment and adoption in the PC Agenda for the next meeting	DSB Sec	10-Dec-19