

DSB PRODUCT COMMITTEE MEETING MINUTES

Meeting: The 113th DSB Product Committee Meeting

Date: 30-Apr-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
Ben Scofield, Refinitiv
Jay Shotton, JP Morgan
Kirston Winters, MarkitSERV

Non-Voting Members

Karel Engelen, ISDA
Jim Northey, FIX TC
Fiona Willis, GFMA

Observers

David Olgilvie-Forbes, FCA

Designated DSB Officer

Malavika Solanki, DSB

DSB Secretariat /

Alternate DDOs

Simon Wiltshire, DSB

Apologies: Jourik De Lange, Smartstream RDU
Uwe Hillnhuetter, Tradeweb
David Broadway, The IA
Vincent Dessard, EFAMA
Emma Kalliomaki, DSB Board Observer

Absences: Michael Sandro Bauch, Allianz Global Investors

No Topics

1 Introduction & Agenda

2 Competition Law Reminder

- Presented
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3 Review Minutes from Previous Meeting

- The following comment was received:
 - **Action 290 should not be considered closed since the action has still to be completed.**
 - The minutes will be updated accordingly and will then be considered final.
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4 Open Actions

- **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 - update due at the next PC meeting. ISDA to revert with update re timing.
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It was confirmed that Inflation Fixed Float Zero Coupon Swap was included in the ISDA taxonomy. **Closed. Action XXX:** ISDA to distribute a link to the latest version of the ISDA 2.0 taxonomy.

- **Action 290:** The DSB Secretariat will resend the main points from the Field 41 Best Practice summary to the members of the PC for further comment and review at the next meeting. **Open.**
- **Action 292:** Members to investigate within their organizations to determine whether there are use cases where anything other than price is used for OTC Equity Options and provide them to the DSB. **30 Apr 19:** DSB to send a reminder email to PC members summarising the action. **Open.**
- **Action 297:** DSB to provide feedback to the PC on the approach and dates for providing an open source version of the Tenor Calculator. **Open.**
- **Action 298:** DSB to consult with ESMA as to whether the DSB's proposed go-live date for the integrated template-based field 41 change is dependent on the CFI XML Schema Validation. **Open.**
- **Action 300:** DSB to publish a summary on the DSB website and make the link available to PC members for onward communication and market education purposes. **Open.**
- **Action 302:** DSB to provide metrics for underlying product type on Equity Options. **Open.**
- **Action 303:** DSB to investigate the reason for including the Settlement Ccy in the NDF product definition. **Open.**
- **Action 304:** DSB to analyse the current NDF ISINs and provide metrics on the Settlement Ccy for NDFs to the PC for further discussion. **Open.**

5 OTC Derivatives: Creators and Searchers

- The meeting reviewed the statistical analysis presented for OTC ISIN Creators and Number of Firms Searching for OTC ISIN and CFI.
- The meeting expressed a requirement for more detailed analysis of the way in which regulators created and/or searched for ISINs and a measurement of the activity level of institutions (e.g.: frequency of access, download etc.).
- The meeting discussed the proposal that similar statistics may be presented to at future meetings on a regular basis. The PC was requested to provide feedback on any further requirements for statistical analysis (beyond those published each month) and the frequency of presenting the information at future meetings of the PC.
- **Action 305:** DSB to distribute links to the DSB website Blog (including entry covering the statistics for March) to the members of the PC.

6 UPI Analysis: Strategies, Structured Products, Packages

- The meeting was reminded that the aim of the UPI analysis was to identify products that could be classified within a single asset class (Rates, Credit, Equity, FX, Commodity) but that had a structure that would not be covered by the standard instrument types (Swap, Option, Forward) and would therefore qualify for the "Other" Instrument Type seen in the UPI Technical Guidance document.
 - The meeting agreed that, at this time, no reason could be found for the DSB to support any of the examples provided in the presentation (productised strategy, strategy/custom strategy, Structured Finance Product) within the UPI asset class of "Other".
 - The meeting agreed that, even though no specific product could be identified, there was a need to cater for the idea of an "Other" instrument type within the definition of the UPI and CFI to allow the DSB to keep pace with market evolution.
 - It was also noted that it would be necessary for the UPI provider to seek to minimize the number of products that would qualify as "Other" through active monitoring of the situation. In order to assist this monitoring, it would be necessary for the provider to be
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able to capture the nature of the product for which a UPI is being requested so that product can be considered for specific support in the future.

6 UPI Analysis: Credit Derivative Products

- The meeting agreed that (as above) there was a need to support Credit/Other within the UPI definition.
 - The meeting agreed that there was no requirement to support Credit/Forward instruments since none could be identified.
 - The meeting proposed that the Standard Contract specification (STEC, SNAC etc.) should be included in the definition of both ISIN and UPI and that it should be based on the ISDA taxonomy (Transaction Type). This value matches the values held in FpML for the same attribute and should be introduced when more information about the UPI definition is made available.
 - **Action 306:** ISDA to distribute a link to the latest version of the ISDA 2.0 taxonomy.
 - It was noted that it was possible for the more granular values specified in the ISIN definition to be “rolled up” into more generic values at the UPI level while maintaining the hierarchy. However, the meeting recognised that identical attribute values would improve the usefulness of the ISIN and UPI.
 - The meeting discussed the inclusion of “Loan Pool” as a value for Underlying Asset / Contract Sub Type within the UPI definition for Credit products. The meeting agreed that this question should be noted as one to revisit when more information about the UPI definition is made available.
 - The meeting agreed that there was a need to ensure alignment between the UPI and the 2019 CFI definition (when published). In addition, there would be a need for the 2019 CFI definition to be socialised / publicised within the industry.
 - **Action 307:** PC to review ISIN/UPI/CFI 2019 alignment to identify attributes that may not fully align across the ISIN, CFI 2019 and the UPI
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11 AOB

1. DSB Consultation Paper

- It was noted that the DSB will be publishing the Consultation Paper for the 2020 Business Plan on 9th May 2019. A webinar on the paper will be hosted by the DSB on 16th May and submissions will be closed on 5th June 2019.

2. Term of Contract for Par Par Swaps

- The meeting discussed whether the way in which “IR Term of Contract of leg 2” is currently reported needs to be amended for products with differing Effective Dates on the Fixed and Floating legs (e.g. Par/Par Asset Swap).
 - **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.
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Respectfully submitted,

DSB Secretariat

Minutes Approved on: 14th May 2019

Summary of Open Actions

| No | Actions | Owner | Target Date |
|-----|--|---------|-------------|
| 292 | Members to investigate within their organizations to determine whether there are use cases where anything other than price is used for OTC Equity Options and provide them to the DSB. 30 Apr 19 : DSB to send a reminder email to PC members summarising the action. | DSB PC | 14-May-19 |
| 297 | DSB to provide feedback to the PC on the approach and dates for providing an open source version of the Tenor Calculator. | DSB Sec | 14-May-19 |
| 298 | DSB to consult with ESMA as to whether the DSB's proposed go-live date for the integrated template based field 41 change is dependent on the CFI XML Schema Validation. | DSB Sec | 14-May-19 |
| 300 | DSB to publish a summary on the DSB website and make the link available to PC members for onward communication and market education purposes | DSB Sec | 14-May-19 |
| 302 | DSB to provide metrics for underlying product type on Equity Options. | DSB Sec | 14-May-19 |
| 303 | DSB to investigate the reason for including the Settlement Ccy in the NDF product definition. | DSB Sec | 14-May-19 |
| 304 | DSB to analyse the current NDF ISINs and provide metrics on the Settlement Ccy for NDFs to the PC for further discussion. | DSB Sec | 14-May-19 |
| 305 | DSB to distribute links to the DSB website Blog (including entry covering the statistics for March) to the members of the PC. | ISDA | 14-May-19 |
| 306 | ISDA to distribute a link to the latest version of the ISDA 2.0 taxonomy. | DSB Sec | 14-May-19 |
| 307 | PC to review ISIN/UPI/CFI 2019 alignment to identify attributes that may not fully align across the ISIN, CFI 2019 and the UPI | DSB Sec | Sept-19 |
| 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 |