

DSB PRODUCT COMMITTEE MEETING MINUTES

Meeting: The 149th DSB Product Committee Meeting

Date: 03-Nov-2020 **Time:** 15.00 – 16.30 UTC **Location:** DSB Offices /
Teleconference

Name	PC Role	Institution	Attendance
Harry McAllister	Co-Chairs	BNP Paribas	Yes
Joseph Berardo	Co-Chairs	Intercontinental Exchange	Apologies
Michael Burg	Product Committee Member	State Street Financial	Apologies
Jourik De Lange	Product Committee Member	Smartstream RDU	Yes
Tia Ellerman	Product Committee Member	Citigroup	Absent
Uwe Hillnhuetter	Product Committee Member	Tradeweb	Yes
Adam Lister	Product Committee Member	Bloomberg L.P.	Yes
Rene Muller	Product Committee Member	HSH Nordbank	Yes
Maros Oberman	Product Committee Member	42 Financial Services	Absent
Jonah Platt	Product Committee Member	Citadel	Absent
Gregg Rapaport	Product Committee Member	DTCC	Apologies
Ben Schofield	Product Committee Member	Refinitiv	Yes
Jay Shotton	Product Committee Member	J.P. Morgan	Yes
Kirston Winters	Product Committee Member	IHS Markit	Apologies
Mari Asakura	Regulatory Observer	JSDA	Absent
Ayo Fashina	Regulatory Observer	FCA	Yes
Eiichiro Fukase	Regulatory Observer	JSDA	Apologies
Emma Kalliomaki	Regulatory Observer	DSB Board	Yes
Dr Olaf Kurpiers	Regulatory Observer	BaFin	Apologies
Frank Lasry	Regulatory Observer	AMF	Yes
Olga Petrenko	Regulatory Observer	ESMA	Apologies
Robert Stowsky	Regulatory Observer	CFTC	Yes
David Broadway	Observer	Investment Association	Yes
Vincent Dessard	Observer	EFAMA	Apologies
Karel Engelen	Observer	ISDA	Yes
Lisa Taikitsadaporn	Observer	FIX Trading Community	Yes
Fiona Willis	Observer	GFMA	Yes
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		
3	Review Minutes from Previous Meeting		
	The prior meeting's minutes are now considered final.		
4	Announcements		
	DSB Current COVID19 Status		
	The DSB (TAC) have extended the state heightened awareness through to the December 7 th .		
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.		OPEN
413	The DSB to obtain regulatory feedback on CFI 2019 adoption after the initial outreach by the DSB, following completion of action 412.		OPEN
421	The DSB to work with ISO representatives to agree an information sharing framework to facilitate PC feedback to the CFI.		OPEN
430	The DSB to engage with the main institutions responsible for the generation of erroneous Sovereign CDS ISINs and to report conclusions to the PC. <i>Target date updated to 17th November 2020.</i>		OPEN
432	The DDO to work with the CDIDE Chairs and PC Members to identify, address and document the industry's information needs		OPEN
434	DDO to collate all questions and considerations that have arisen from the product committee's discussions regarding the FSB's feedback on the preliminary OTC ISIN - UPI analysis paper and to then share this with the FSB.		CLOSED
435	CFTC to present agreed UPI masking requirement for less liquid underliers to the PC.		OPEN
436	DSB to reach out to industry participants and advise on best practice for when creating ISINs for CDS Single Name products <i>Target date updated to 17th November 2020</i>		OPEN
437	DSB to reach out to the institutions that raised LEI/ISIN Mapping at the Industry Consultation to share the solution and understand their business requirements.		OPEN
6-9	Current DSB Tasks	Status	Priority
DSB-48	Equity Option : Strike Price Type Equity Options do not include a qualification for the Strike Price that defines the type of Strike Price that has been entered -eg: Price, Percentage, BP, Yield or Other. <i>Scheduled for UAT Release</i>	Sched	High

DSB-52	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-64	ISIN to LEI Mapping for Single Name CDS To examine how GLEIF's ISIN-LEI mapping facility can be used to increase the quality of data for single name CDS ISINs (Analysis Only). <i>See section 11.</i> <i>To be Closed subject to completion of Action 437.</i>	Closed	Low
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).	In Prog	Low
DSB-88	Strike Price Validation The validation of Strike Price is expected to vary depending upon the setting of the Strike Price Type. <i>Scheduled for UAT Release.</i>	Sched	High
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 in order to identify efficiency and service improvements.	In Prog	Low
DSB-134	CDS Single Name Validation Assessment of the quality of CDS Single Name underliers and a determination of possible next steps. <i>See section 10.</i> <i>To be Closed subject to completion of Action 436.</i>	Closed	Med
DSB-370	CFI 2019 Support Support the updated 2019 ISO Standard for CFI (10962) throughout the DSB product suite.	In Prog	High
DSB-396	New CZK OIS Reference Rate The DSB has been made aware of the imminent release of a CZK OIS Reference Rate. <i>Awaiting the FpML Coding Scheme update.</i>	Queue	Low
DSB-659	New Reference Rate : GBP-SONIA-COMPOUNDED-INDEX	Queue	High

Add GBP-SONIA-COMPOUNDED-INDEX to the enumerated list of Reference Rates for RATES and Non-Standard templates.
Awaiting the FpML Coding Scheme update.

DSB-910	Investigate Proprietary Sources of Equity Indices Investigation of 3 rd party data providers as alternative sources of Equity Indices for OTC ISIN creation.	In Prog	Med
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10 IR Reference Rates –ISDA Updates

ISDA presented details of the upcoming changes to interest rate floating rate option (FRO) definitions, brought on by IBOR reform related efforts, and the upcoming ISDA 2021 definitions amendments.

These changes, although still under discussion and expected to be finalized by the end of 2020, will impact industry, with particular impact on the DSB product definitions. A brief outline of the expected changes was presented to the PC, with the PC asked for their views in relation to next steps. It was confirmed by ISDA that there are no current plans to update the 2.0 taxonomy.

It was noted that the existing list of FROs (on which DSB rates enumerations are based) would be augmented with new values, and that no changes were expected to be made to the values currently available to industry.

The expected changes to FROs are still under review by ISDA, thus ISDA were asked to update the PC once a final determination had been made about the precise changes to be made to the FRO. The PC recognized that with limited time available to evaluate the issue this year, and the nature of ISDA FRO changes still under discussion, the DSB would not be in a position to confirm implementation timelines until after it had the opportunity to evaluate the final changes agreed by ISDA members.

ISDA to provide an update to the PC once FRO related changes have been finalized. >**Action 438.**

With further discussion to take place at ISDA the DSB and PC will continue monitor these changes. It was agreed that the DSB would liaise with ISDA to determine the full extent of the impact for the DSB. >**Action439.** After which the DSB will present the PC with analysis into the impact the changes will have on the DSB. >**DSB-959**

11 UPI Assumptions: Part 1

The DSB presented the PC with clarifications of the approach to be taken in the functional specification of the UPI service after reviewing the requirements specified in the CPMI/IOSCO Technical Guidance Document. Specifically, regarding the way in which “Other” product structures are to be supported by the UPI service

The DSB presented the following assumptions asking the PC to approve or reject them in order to allow the DSB to agree the approach;

Assumption 1 – Other Instrument Type:

Support for OTC Derivatives that are not classified as Swaps, Options or Forwards.

*The UPI Product Definition will be based on the Asset Class (eg: Equity), an Instrument Type of “Other” and a relevant Underlier ID (eg: ISIN). It is also assumed that these products would result in the derivation of CFI Code “MMSXXX” since all other instrument types (Swaps, Forwards, Options) are supported by specific Instrument Types. **APPROVED.***

Assumption 2 – Other Asset Class and Other Other:

Support for OTC Derivatives that are not classified as Rates, Credit, Equity, FX or Commodities

The UPI service will support an Asset Class of “Other” under each of the main Instrument Types (eg: Swap/Other) and would require the user to submit the additional attributes associated with the relevant CFI code. In addition, the underlier of the OTC Derivative would be input as “Other”.

APPROVED.

Assumption 3 – Other Attribute Values:

Support for attribute values that are outside the pre-defined values supported by the UPI.

*The UPI system proposes to allow the user to define an attribute value of “Other” where it is defined in the CFI Code (eg: Valuation Method or Trigger allows for a value of Other). In appropriate cases (and where “Other” is not a defined value), the UPI system will also allow the user to define a value of “X”. However, this does not apply to Asset Class, Instrument Type or some other specific attributes. For example: Option Style/Type might allow the user to specify a value of “X” (Other) but Single or Multi-currency would not (since “Other” is not appropriate). **This proposal was amended to:***

*The UPI system proposes to allow the user to define an attribute value of “Other” where it is defined in the CFI Code (eg: Valuation Method or Trigger allows for a value of Other). The UPI system will not support the use of “X” (or equivalent value) where the required value is unknown or unavailable unless it is explicitly specified in the CFI specification as an unused attribute. **APPROVED.***

In PC deliberations on the matter above, it was noted that users are expected to have all the required information about the product at the time at which the user seeks to create the OTC derivative identifier. This approach ensures that there is no compunction about the quality and completeness of the data based on which the identifier is produced.

Assumption 4 – Other Underliers:

Support for Underlier IDs that are not defined within the UPI Reference Data

*UPI service will allow the addition of “Other” as a valid enumeration value for underliers if required, following an assessment of the underlier ID source. **APPROVED.***

Assumption 5 – Baskets:

Support for custom baskets of assets underlying an OTC Derivative

*The UPI service will not require the user to provide underlier identifiers, but the asset class of the custom basket would be required as part of the UPI definition. **APPROVED***

Product Release Schedule

The DSB’s next product release is scheduled for January

AOB

None

Respectfully submitted,

DSB Secretariat

Minutes Approved on:

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
421	The PC to work with ISO representatives to agree an information sharing framework to facilitate PC feedback to the CFI MA.	DDO	TBC
430	The DSB to engage with the main institutions responsible for the generation of erroneous Sovereign CDS ISINs and to report conclusions to the PC.	DDO	17-Nov-20
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	31-Mar-21
435	CFTC to present agreed UPI masking requirement for less liquid underliers to the PC.	CFTC	TBC
436	DSB to reach out to industry participants and advise on best practice for when creating ISINs for CDS Single Name products	DDO	17-Nov-20
437	DSB to reach out to the institutions that raised LEI/ISIN Mapping at the Industry Consultation to share the solution and understand their business requirements.	DDO	31-Dec-20
438	ISDA to provide an update to the PC once FRO related changes have been finalized	ISDA	19-Feb-21
439	The DSB to liaise with ISDA to fully determine the full extent of the impact the changes to interest rates, brought on by the move away from IBOR rates and the upcoming ISDA 2021 definitions amendments will have on the DSB.	DSB	17-Nov-20
Summary of New or Updated DSB Tasks		Status	Priority
DSB-959	Update FpML Reference Rates following ISDA 2021 Definitions Review	Open	High