

DSB PRODUCT COMMITTEE MEETING MINUTES

Meeting: The 227th DSB Product Committee Meeting

Date: 05-Mar-2024 **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
Markus Buehler	Product Committee Member	OTC Service AG	Absent
Michael Burg	Product Committee Member	State Street Financial	Apologies
Martyn Cole	Product Committee Member	Refinitiv	Yes
Jourik De Lange	Product Committee Member	Smartstream RDU	Yes
Dawd Haque	Product Committee Member	Deutsche Bank	Yes
Uwe Hillnhuetter	Product Committee Member	Tradeweb	Yes
Nicholas Moger	Product Committee Member	J.P Morgan	Absent
Shaun Murray	Product Committee Member	Margin Reform	Apologies
David Nowell	Product Committee Member	KOR Financial	Yes
Navraj Panesar	Product Committee Member	Citigroup	Absent
Warren Rubin	Product Committee Member	DTCC	Apologies
Kirston Winters	Product Committee Member	OSTTRA	Absent
Pierre Aymerich	Regulatory Observer	ESMA	Yes
Mari Asakura	Regulatory Observer	JSDA	Absent
Giulia Ferraris	Regulatory Observer	ESMA	Absent
Eiichiro Fukase	Regulatory Observer	JSDA	Yes
Dr Olaf Kurpiers	Regulatory Observer	BaFin	Absent
Frank Lasry	Regulatory Observer	AMF	Absent
Jean O Bray	Regulatory Observer	FCA	Yes
Grzegorz Skrzypczynski	Regulatory Observer	ECB	Yes
Robert Stowsky	Regulatory Observer	CFTC	Apologies
Dominik Zeitz	Regulatory Observer	BaFin	Absent
Andrew Bayley	Observer	ISDA	Yes
Que-Phong Dufournet	Observer	AMAFI	Absent
Rav Saida	Observer	Retail Derivative Forum	Yes
Lisa Taikitsadaporn	Observer	FIX Trading Community	Yes
Emma Kalliomaki	DSB Board Sponsor	DSB Board	Absent
Simon Wiltshire	Alternate DDO	DSB	Yes
Bina Mistry	Alternate DDO	DSB	Yes

No Topics

1 Introduction & Agenda

2 Competition Law Reminder

Presented.

3 Review Minutes from Previous Meeting

Minutes from the previous meeting on 27th February 2024 were **APPROVED**.

4 Open Actions

596 The DSB will reach out to ISDA to explore ways in which the current ISDA review process can be accelerated or streamlined in order to provide adequate CRP coverage to the user community and will report back to the PC on progress.
ON-GOING : The DSB has reached out to ISDA but awaits a response on streamlining the process. Action will be carried over.

608 DSB to explore the impact of decommissioning the Rates.Swap.Cross_Currency_Fixed_Float_NDS template. DSB 05-Mar

609 DSB to raise a change request to explore the impact of linking Commodity Underliers to a Commodity Classification in order to improve data quality through validation. DSB will ensure that a PICM has been raised to cover this. DSB 05-Mar

Commented [BM1]: Was this completed or shall we push the target date out? (both 608 and 609)

Commented [SW2R1]: Interesting...I think we should change this to: "DSB to raise a change request to explore..." and then to ensure that a PICM has been raised to cover this.

5 Announcements

Bina Mistry has joined the Product Committee as an alternate DDO from DSB.

6 Task List

Up to date task list was presented.

7 DRUID

PC members were given a summary of the discussion that took place at the first subcommittee meeting that took place on 27th February 2024.

(The DRUID subcommittee agreed to add the following items to the sub-committee's deliverables:)

- Problem Statements
- Metrics
- Regulator Expectations / Requirements

Commented [SW3]: The DRUID-SC agreed to add the following items to the sub-committee's deliverables.

8 Best Practice and FAQs

PC members were encouraged to continue to raise topics they wish to discuss via the bulletin board.

A member of the PC raised concerns around needing best practices to creating an UPI, specifically that firms may be using the Other.Other.U(defined template) in order to satisfy CFTC regulations.

The DSB will continue to raise questions around FAQs, best practice guidance and data quality at future PC meetings.

Commented [SW4]: Other.Other.Undefined template in order to satisfy CFTC regulations.

9 Best Practice and FAQs: Expiry Date

Members of the PC were asked, in order to avoid duplicate identifiers, when generating or retrieving an OTC ISIN, should the user enter the Unadjusted or Adjusted Expiry Date.

PC members **APPROVED** that the unadjusted date should be used as it is aligned with regulatory reporting requirements.

The DSB will document that unadjusted date should be used for the Expiry Date as a part of best practice guidance. >**Action 610**

10 Best Practice and FAQs: CDS Index Term

The members of PC were presented with the question:

When generating or retrieving an OTC ISIN or UPI for an Index or Index Tranche CDS, should the Underlier Index Term be set to the (whole year) Tenor of the Underlying Index or the difference between the Effective Date and the Expiry Date of the Index or OTC Derivative.

The PC **APPROVED** that Credit Index's quoted contract tenor should be used in the generation or retrieval of a Credit Swap rather than the difference between the Effective Date and the Expiry Date of the Index or Derivative. The DSB will document the decision to use the quoted contract tenor of the Credit Index as best practice guidance. >**Action 611**

11 Best Practice and FAQs: Reference Rate Terms (Neg)

Members of the PC were asked if there are any circumstances under which an IRS could have a negative Reference Rate Term.

The DSB presented the current OTC ISINs created which has a negative Reference Rate Term.

PC members **APPROVED** that the system validation should prevent the input of negative Reference Rates in the generation or retrieval of interest rate swaps. The DSB will document this decision as an FAQ. >**Action 612**

The DSB will create a change request that will explore the impact of a validation change to prevent the negative entries for the Reference Rate term. > **Action 613**

A Best Practice and FAQs: Reference Rate Terms (99/999)

Members of the PC were asked if there are any circumstances under which an IRS could have a Reference Rate Term of 99 YEARS or 999 YEARS.

PM members **REJECTED** the proposal to introduce any validations on the field as it relates to data quality for both 99 and 999 years. With 999 years there is an industry convention that needs to be followed. DSB will enquire with ISDA for the details of the industry conventions to allow for the Reference Rate Terms to follow best practices. > **Action 614**

In relation to 99 years, PC members **ACCEPTED** that there is no reason to set an arbitrary validation limit on this field. The PC will need to agree on a precise definition for Reference Rate Term, unit, and value attributes.

DSB will propose a definition to be used for the Reference Rate Term Unit and value attributes to avoid any user confusion. > **Action 615**

Commented [SW5]: Reference Rate Term Unit and Value

13 Best Practice and FAQs: OIS vs Non-OIS

Members of the PC were asked whether the OIS-specific Rates templates still required and, if so, what guidance should be provided for their use. This is because there are currently 2 OIS specific templates

(Fixed-Float and Basis) and questions have been raised over their use following the LIBOR transition which impacts both OTC ISIN and UPI creation.

PC members **APPROVED** to the removal of the OIS specific rates template:

- Fixed_Float_OIS
- Basis_OIS

Commented [SW6]: APPROVED

Members of the PC would like DSB to investigate and come back to the PC with a proposal on how to reduce the impact on the change in industry for the decommissioning of the OIS specific rate templates.

>Action 616

14 Rates Swap Non-Standard

The DSB presented an issue raised by the user community:

The user has asked why the RT SWP Non- Standard product template does not support the entry of identical Reference Rate for basis style products. An error message is returned to the user: "Reference Rate and Other Leg Reference Rate cannot be identical.

At present, the RT SWP Non-Standard product template does not support the entry of identical Reference Rate for basis style products in both UPI and OTC ISIN services. The DSB proposed to enhance the validation of the input underliers to allow the entry of identical Reference Rate for basis style products and for OTC ISIN, the RT SWP Non-Standard shall support the entry of multiple identical Reference Rate.

PC members **APPROVED** the proposed change. DSB will report on the progress made for the Rates Swap Non-Standard product template.

15 AOB

A member of the PC requested to increase the priority of the CFD element within the Return/Payout trigger due to the missing CFD which is causing a mismatch in CFI codes being created. The DSB will investigate the missing CFD with the impact to the CFI codes. >Action 617

Respectfully submitted,

DSB Secretariat

Minutes Approved on:

Summary of Open Actions

		Owner	Target Date
596	The DSB have reached out to ISDA to explore ways in which the current ISDA review process can be accelerated or streamlined in order to provide adequate CRP coverage to the user community. Awaiting a response.	DSB	28-Nov
608	DSB to explore the impact of decommissioning the Rates.Swap.Cross_Currency_Fixed_Float_NDS template.	DSB	05-Mar

609	DSB to explore the impact of linking Commodity Underliers to a Commodity Classification in order to improve data quality through validation.	DSB	19-Mar
610	The DSB will document that unadjusted date should be used for the Expiry Date as a part of best practice guidance.	DSB	19-Mar
611	The DSB will document the decision to use the quoted contract tenor of the Credit Index as best practice guidance.	DSB	19-Mar
612	The DSB will document the decision as best practice guidance around the system validation which should prevent the input of negative Reference Rates in the generation or retrieval of interest rate swaps.	DSB	19-Mar
613	The DSB will create a change request that will explore the impact of a validation change to prevent the negative entries for the Reference Rate term.	DSB	19-Mar
614	DSB will enquire with ISDA for the details of the industry conventions to allow for the Reference Rate Terms to follow best practices.	DSB	19-Mar
615	DSB will propose a definition to be used for the Reference Rate Term Unit and value attributes to avoid any user confusion.	DSB	19-Mar
616	DSB will propose a plan on how to reduce the impact on the change in industry for the decommissioning of the OIS specific rate templates.	DSB	19-Mar
617	The DSB will investigate the missing CFD with the impact to the CFI codes.	DSB	19-Mar

Commented [BM7]: Shall we update the target date for the two of these? 608, 609

Commented [SW8R7]: 608 is closed...there is a PICM and Jira for that (PICM-28) so we should mark this as closed in the open actions with its PICM number

Commented [SW9R7]: 609 can be moved to the next meeting...but we will need to open up a PICM for it.

Commented [SW10]: Reference Rate Term Unit and Value