

DSB PRODUCT COMMITTEE MEETING MINUTES

Meeting: The 225rd DSB Product Committee Meeting

Date: 06-Feb-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	Yes
David Nowell	Product Committee Member	KOR Financial	Absent
Navraj Panesar	Product Committee Member	Citigroup	Absent
Warren Rubin	Product Committee Member	DTCC	Yes
Kirston Winters	Product Committee Member	OSTTRA	Yes
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 Obray	Regulatory Observer	FCA	Apologies
Grzegorz Skrzypczynski	Regulatory Observer	ECB	Yes
Robert Stowsky	Regulatory Observer	CFTC	Yes
Dominik Zeitz	Regulatory Observer	BaFin	Absent
Andrew Bayley	Observer	ISDA	Yes
Que-Phong Dufournet	Observer	AMAFI	Yes
Rav Saidha	Observer	Retail Derivative Forum	Apologies
Lisa Taikitsadaporn	Observer	FIX Trading Community	Yes
Emma Kalliomaki	DSB Board Sponsor	DSB Board	Apologies
Simon Wiltshire	Alternate DDO	DSB	Yes
Adam Grace	Alternate DDO	DSB	Yes

- ***This meeting was NOT quorate for agenda items 8, 9 and 10.***

No Topics

1 Introduction & Agenda

2 Competition Law Reminder

Presented.

3 Review Minutes from Previous Meeting

Minutes from the previous meeting on 23rd January 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. DSB 03-Oct
ON-GOING : The DSB has reached out to ISDA but awaits a response on streamlining the process. Action will be carried over.

603 The DSB are to share the proposed CDS Single Name Underlier best practice text with PC members. DSB CLOSED
DSB : Email sent 25th Jan 2024.

604 The DSB are to share a summary of the discussion had by the PC and the ASB underlier name analysis with PC members DSB CLOSED
DSB : Email sent 25th Jan 2024..

605 The DSB are to share the questions raised by the PC regarding the 2021 CFI standard with the CFI maintenance agency. DSB CLOSED
DSB : Email sent 26th Jan 2024.

5a Announcements

None

5b Bulletin Board Update

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

6 Task List

Up to date task list was presented

7 CFI Migration – Mapping to new values

RATES MAPPINGS

As part of the CFI migration work, a number of differences/changes/updates between CFI 2015, 2019 & 2021 have been highlighted. These changes and the impact of them on the existing rates attributes and templates, were presented to PC members. A summary of these changes can be found below;

Instrument Type	CFI Update	CFI Attribute
Option	New code	Underling assets - E Interest rate index

This change sees a new code being added to the available underlying assets. When reviewing the impacted option templates and their current mapping the PC **APPROVED** changing the fixed mapping of Underlying

Asset from M (Other) to E (Interest Rate Index) for the Rates.Option.CapFloor template under the 2021 version of ISO 10962 (CFI).

In addition, the PC **APPROVED** the addition of E (Interest Rate Index) to the list of available values for Underlying Asset for the Rates.Option.Non-Standard template.

FOREIGN EXCHANGE MAPPINGS

The changes for FX Forwards were also presented to the PC members, see below summary;

Instrument Type	CFI Update	CFI Attribute	
Forward	Granularity increased	Underling assets	T Spot -> T Spot - Single Currency Pair U Spot - Currency Index V Spot - Custom Basket of Currencies
Forward	New code	Return or payout trigger	R Rolling spot

The DSB does NOT currently support Currency Index and Custom Basket of Currency Pairs underliers and those will be subject to the analysis of complex products project.

For the products the DSB currently supports, the members of the PC **APPROVED** the a direct mapping of CFI 2015 values to their CFI 2021 equivalents (eg: T Spot to T Spot - Single Currency Pair).

In additional, the PC **APPROVED** the use of R (Rolling Spot) as the fixed mapping for Return Or Payout Trigger for the FX.Forward.Rolling Spot template under the 2021 version of ISO 10962 (CFI).

8 CDS Single Name Underlier : Proposed Best Practice (ISIN & UPI)

The DSB presented a draft version of the proposed best practice text , see below, for review and approval by the PC.

Question : Given that the Credit Swap templates allow the entry of an ISIN or an LEI, how should the underlier be identified in the generation or retrieval of a Single Name CDS (ie: Corporate, Sovereign, Municipal, Loan, ABS, Total Return Swap)?

- If the CDS is based on the credit risk of a Legal Entity, the LEI of the Legal Entity should be used to identify the underlier.
 - If the Legal Entity has not been assigned an LEI, then a value of "OTHER" should be entered in the LEI attribute.
- If the CDS is based on the credit risk of a single Fixed Income Security, the ISIN of the Security should be used to identify the underlier.
 - If the Security has not been assigned an ISIN, then a value of "OTHER" should be entered in the LEI attribute (since a value of "OTHER" is not valid as a Security identifier).
- If the Legal Entity has not be assigned an LEI and the Security has not been assigned an ISIN, then a value of "OTHER" should be entered in the LEI attribute (since a value of "OTHER" is not valid as a Security identifier).

The members of the PC approved the above text but requested that an additional note should be added to the best practice guidance to reflect that further discussion would be required.

- Note: The above best practice guidance represents an interim position that is subject to further review by the DSB Product Committee.

Since the meeting was not quorate at this point, the DSB agreed to email members of the PC with the recommended text and, if no objection was raised, the proposal would be considered **APPROVED** by the PC. >**Action606**.

9 Underlying Index ID SC

After previously approving the formation of the Underlying Index ID Sub-Committee the DSB shared the proposed meeting details with the PC, confirming meeting invitations are to be sent to the applicants after the meeting.

10 DSB-3387 : Underlier Name – ASB Data Review

The DSB presented further analysis of attributes supported by the ANNA ASB database that have been proposed as possible sources of the UPI Underlier Name for underlying securities (defined by ISIN). The options presented were:

- Continue to use the Issue Description
- Migrate to the Financial Instrument Short Name (FISN)
- Migrate to a concatenation of Issue Name and Issue Description (Short or Long)

While it was not considered a perfect solution, the members of the PC recognised the advantages of using the FISN attribute – it is structured to contain the Issuer and an abbreviated Issue Description, it has a consistent length (35 characters), it is supported by an international standard (ISO 18774) and it is now a mandated ASB field.

Since the meeting was not quorate at this point, the DSB agreed to email members of the PC with a recommendation to use the FISN for the population of the UPI Underlier Name field for securities and, if no objection was raised, this proposal would be considered **APPROVED** by the PC. >**Action607**.

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
606	The DSB to share the proposed CDS Single Name Underlier best practice text with PC members for final approval.	DSB	20-Feb

607	The DSB to share recommendation to use ASB.FISN as a source of UPI Underlier Name for securities with PC members for final approval	DSB	20-Feb
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