

DSB PRODUCT COMMITTEE MEETING MINUTES

Meeting: The 214th DSB Product Committee Meeting

Date: 08-Aug-2023 **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	Yes
Michael Burg	Product Committee Member	State Street Financial	Absent
Martyn Cole	Product Committee Member	Refinitiv	Yes
Jourik De Lange	Product Committee Member	Smartstream RDU	Yes
Dawd Haque	Product Committee Member	Deutsche Bank	Absent
Uwe Hillnhuetter	Product Committee Member	Tradeweb	Yes
Nicholas Moger	Product Committee Member	J.P Morgan	Absent
David Nowell	Product Committee Member	KOR Financial	Absent
Navraj Panesar	Product Committee Member	Citigroup	Absent
Warren Rubin	Product Committee Member	DTCC	Apologies
Kirston Winters	Product Committee Member	OSTTRA	Yes
Mari Asakura	Regulatory Observer	JSDA	Absent
Davide Panadori Cino	Regulatory Observer	ESMA	Absent
Giulia Ferraris	Regulatory Observer	ESMA	Absent
Eiichiro Fukase	Regulatory Observer	JSDA	Absent
Dr Olaf Kurpiers	Regulatory Observer	BaFin	Absent
Frank Lasry	Regulatory Observer	AMF	Absent
Michael Naughton	Regulatory Observer	FCA	Absent
Jean O Bray	Regulatory Observer	FCA	Yes
Grzegorz Skrzypczynski	Regulatory Observer	ECB	Absent
Robert Stowsky	Regulatory Observer	CFTC	Yes
Dominik Zeitz	Regulatory Observer	BaFin	Absent
Andrew Bayley	Observer	ISDA	Absent
Que-Phong Dufournet	Observer	AMAFI	Absent
Rav Saidha	Observer	Retail Derivative Forum	Apologies
Lisa Taikitsadaporn	Observer	FIX Trading Community	Yes
Emma Kalliomaki	DSB Board Sponsor	DSB Board	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 were approved and are now considered final.

5 Open Actions

None

Announcements

1. Postponement of the PC meeting on the 22nd August.
 2. PC members are welcome to attend Product Committee Meetings in person at the DSB's London offices.
 3. The DSB successfully released 83 new Commodity Reference Prices over the past weekend.
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7 Credit Issuer Type – Best Practice Guidance

The Credit Index OTC ISIN and UPI product definitions require the specification of Underlier Issuer – ie: Corporate, Local or Sovereign, as defined in ISO 10962 (CFI). There are examples of products that include components from all three categories (eg: iTraxxAsiaExJapan) which do not fit into a single category.

Given the fact that this is a mandatory attribute without the availability of "Other" as an option, members of the PC were asked to propose Best Practice Guidance for inputting a value in this field.

The PC proposed the following;

As a best practice, under these circumstances, users are advised to set Underlying Issuer Type to "Corporate" in all cases where at least one entity within the index can be categorized in this way. Where no constituent entity can be classified as Corporate, the user is advised to enter a value of "Local" for this data element.

As the meeting was not quorate, this proposal will be shared with PC members via email before confirming at the next product committee meeting.

8 Single Name CDS – Best Practice Guidance

The DSB presented the PC the following use cases, seeking best practice guidance;

Use Case 1

Many underliers which fall under this template, trade without a specific obligation ISIN – examples include Examples are SRO trades and No Ref Ob trades.

Q1: Given this situation, members of the PC are asked to propose best practice guidance for the identification of the underlier for a Single Name CDS.

PC Response: *As a best practice, DSB users are advised to define the underlying asset for these products by entering an LEI. If the Legal Entity in question has not been assigned an LEI, the underlier's ISIN should be employed. In the event of there being no assigned LEI and in the absence of a defined underlying security (eg: SRO trades and No Ref Ob trades), the user is advised to enter an LEI of "OTHER".*

Rational being that over 90% of standard actively traded CDS single names are on entities that have a LEI in GLIEF. A bond ISIN is too deep a level for the UPI hierarchy and fluctuates too often as bonds are called/mature and bond ISINs are more applicable to the Derivative ISIN level. Furthermore, standard CDS use the ISDA credit event processing rules that determine the deliverable bonds regardless of the referenced obligation, lessening the value of referencing a bond. Also note that the bond ISIN issuer does not always reflect the entity the contract protection is written upon, i.e. an issuer vs guarantor, and using an entity name that does not represent the contract protection entity goes against what is in trade reporting rules for defining the entity.

Use Case 2.

The current enumerated list of Credit Index underliers does not differentiate between 2003 and 2014 versions of the ISDA definitions.

Q2: *Members of the PC are asked whether this level of Credit Index definition would be possible/useful in the generation of Index CDS OTC ISINs and UPIs.*

PC Response: *No best practice required. Parties can provide this (a 2003 vs 2014 indicator) as a separate value to the TR/SDR. The indices typically fall into one definition set, ABS/Total Returns on 2003, all else being 2014. This hasn't been an issue for the Derivative ISIN, a more detailed level identifier.*

Use Case 3.

Under certain circumstances within the US, Standard Contracts (aka Transaction Types) for Single Name CDS products do not include a Restructuring Indicator and so this has to be recorded separately in the creation of such a product.

Q3: *Members of the PC are asked whether they think that a restructuring indicator would be a useful addition to the definition of Single Name CDS OTC ISINs or UPIs and, if so, what values would need to be supported.*

PC Response: *No best practice required. For standard CDS the restructuring is non-negotiable standard terms attribute, and we don't feel it's a necessary component for a standard CDS ISIN/UPI.*

As the meeting was not quorate, this proposal will be shared with PC members via email before confirming at the next product committee meeting.

AOB

Respectfully submitted,

DSB Secretariat

Minutes Approved on: 05/09/2023

Summary of Open Actions**Owner****Target
Date**
