

DSB PRODUCT COMMITTEE MEETING MINUTES

Meeting: The 146th DSB Product Committee Meeting

Date: 08-Sep-2020 **Time:** 15.00 – 16.30 UTC **Location:** DSB Offices /
Teleconference

Chairs: Harry McAllister, BNP Paribas

Attendees: **Voting Members**

Michael Burg, State Street Financial
Uwe Hillnhuetter, Tradeweb
Rene Muller, Hamburg Commercial Bank AG
Adam Lister, Bloomberg L.P.
Ben Scofield, Refinitiv
Jay Shotton, JP Morgan
Kirston Winters, MarkitSERV

Non-Voting Members

David Broadway, The IA
Fiona Willis, GFMA

Observers

Mari Askura, JSDA
Ayo Fashina, FCA
Robert Stowsky, CFTC

Designated DSB Officer

Malavika Solanki, DSB

DSB Secretariat /

Alternate DDOs

Simon Wiltshire, DSB
Adam Grace, DSB

Apologies: Tia Ellerman, Citigroup
Jourik De Lange, Smartstream RDU
Gregg Rapaport, DTCC
Emma Kalliomaki, DSB Board
Karel Engelen, ISDA
Vincent Dessard, EFAMA
Olga Petrenko, ESMA
Olaf Kurpiers, BaFIN
Eiichiro Fukase, JSDA
Jim Northey, FIX TC

Absences: Joseph Berardo, Intercontinental Exchange
Maros Oberman, 42 Financial Services
Jonah Platt, Citadel

No Topics

1 Introduction & Agenda

2 Competition Law Reminder

Presented

3 Review Minutes from Previous Meeting

The minutes for the prior meeting are considered final.

4 Announcements

DSB Current COVID19 Status

The DSB (TAC) have extended the state heightened awareness through to the end of September.

GBP-SONIA-COMPOUNDED-INDEX

The DSB have not received an official notification of any update to the FpML Coding Schema and has therefore not promoted the update to Production.

New PC Participants

The following new Product Committee participants were announced:

- Regulatory Observer: Franck Lasry - Transversal Project Manager, Autorité des Marchés Financiers (AMF)
- Non-Voting Member: Lisa Taikitsadaporn - Technical Project Manager, FIX Trading Community (replaces James Northey)

5 Open Actions

| | | |
|-----|---|--------|
| 368 | The ISDA Symbology Group are to report back on industry consensus for the publication of new Reference Rates relating to €STR. <i>No Update from ISDA. Action to be reviewed again at the next meeting</i> | OPEN |
| 412 | DSB to provide an update to regulators on CFI 2019 adoption following any updated approach being shared with the DSB PC | OPEN |
| 413 | The DSB to obtain regulatory feedback on CFI 2019 adoption after the initial outreach by the DSB | OPEN |
| 421 | The DSB to work with ISO representatives to agree an information sharing framework to facilitate PC feedback to the CFI | OPEN |
| 422 | ISDA to provide the name and implementation details of the new SONIA Reference Rates to the PC. | OPEN |
| 425 | The DSB to update the PC on the expedited release schedule for the SONIA Reference Rates updates after FpML confirmation. | CLOSED |
| 427 | The DSB to discuss with the PC Chairs and confirm the requirements of the RTS2 Mapping File and the level of granularity required. | OPEN |
| 428 | The DSB to investigate alternative sources for Equity indices data as part of DSB-65 for presentation to the PC. | OPEN |
| 425 | The DSB to have a detailed discussion with the FSB regarding the use of "Other" as an instrument type. <i>This task is to be covered as part of the on-going UPI Analysis.</i> | CLOSED |

6-9 Current DSB Tasks

| | | Status | Priority |
|--------|-----------------------------------|--------|----------|
| DSB-48 | Equity Option : Strike Price Type | Tech | High |

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.

| | | | |
|----------------|--|---------|------|
| 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-54 | Last Updated Date Time Required Ensure that the LastUpdateDateTime attribute is marked as "Required" on all product templates <i>Scheduled for release into Production: 20th September 2020</i> | Sched | 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). | Sched | 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). <i>See Section 10.</i> | 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). | In Prog | Low |
| DSB-65 | Underlying Instrument Index Mapping To examine mapping of Underlying Instrument Index to Underlying Instrument Identifier (eg: ISIN) for unique ISIN creation from either attribute (Analysis Only). <i>See Section 11.</i> | In Prog | Med |
| 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 (see above). | Tech | 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 | In Prog | Med |

| | | | |
|----------------|--|---------|------|
| DSB-139 | CFI Codes for Equity Options It is currently possible for an Equity Option to generate a CFI code in which the 4 th character is set to "X" (eg: HESXMC) | In Prog | High |
| DSB-152 | ESTR ISO 20022 Mapping for RTS23 Support mapping of EUR-EuroSTR-COMPOUND Ref. Rate to an ISO20022 4-char code in order to satisfy the ESMA guidance for RTS23. <i>Scheduled for release into Production: 20th September 2020.</i> | Sched | High |
| 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 –for inclusion following FpML Coding Scheme has been updated. | Queue | Low |
| DSB-516 | New Reference Rate : THB-THOR-COMPOUND Add THB-THOR-COMPOUND to the enumerated list of Reference Rates for RATES and Non-Standard templates <i>Scheduled for release into Production: 20th September 2020</i> | Sched | Med |
| DSB-659 | New Reference Rate : GBP-SONIA-COMPOUNDED-INDEX Add GBP-SONIA-COMPOUNDED-INDEX to the enumerated list of Reference Rates for RATES and Non-Standard templates <i>Awaiting FpML Coding Scheme update</i> | Queue | High |

10 DSB-62 : CFI Code Service (Analysis)

The DSB presented an overview of the proposed solution along with the estimated effort for Development, QA and Implementation.

The DSB will add this task to the book of work for scheduling and will report back to the PC with progress. The analysis work for this task is now **COMPLETE**.

11 DSB-134 : CDS Single Name Data Quality

The DSB presented an assessment of the "quality" of CDS Single Name ISINs in the system – based on Instrument Type and Issuer Classification.

The PC recognised the difficulties in classifying Legal Entities using the available data sources (ASB, LEI CDF) but agreed that more investigation was required.

The PC accepted the conclusions of the discussion: that the available data sources (ASB, LEI CDF, ISIN/LEI mapping) would not be able to provide sufficient information to allow the DSB to develop the systematic validation required to improve the data quality of Single Name CDS products.

The PC requested more detailed analysis of the underlying products used in the creation of Sovereign CDS ISINs – including a detailed breakdown of the underlying product types, the types of institution responsible for the generation of erroneous ISINs and a view on generation trends over time. > **Action 429**

The PC also agreed that, once the responsible institutions had been identified, the DSB should engage with the main institutions responsible for the generation of erroneous Sovereign CDS ISINs and to report conclusions to the PC. > **Action 430**

12 UPI Project : Feedback from the FSB in response to the PC's Preliminary Analysis Paper (cont'd)

PC members were presented with the FSB's response to the PC's preliminary OTC ISIN - UPI analysis paper and discussed the three remaining items of feedback. Members agreed that additional time was required to fully consider the last item, with discussions to continue at the following meeting.

Members welcomed the FSB's feedback on the relationship between the CFI and UPI, and discussed the proposed format of engagement and communication between the various parties. It was agreed that next steps relating to open action 421 would assist in formalizing the information sharing framework, in order to allow the Product Committee to be able to provide feedback on OTC derivative related matters (where relevant) as these arise at the CFI maintenance agency.

Members welcomed the FSB's feedback that their review of Table 2 within the Annex supplementing EU Regulation No 600/2014 was deemed to be consistent with the values proposed in the UPI Technical Guidance document. This approach aligns the proposed values for the UPI (for the commodities asset class) with those in the OTC ISIN and current market practice.

Members discussed the proposed requirement for public/ private data dissemination for Commodities, and asked for additional time to consider the matter owing to the complexities involved. It was agreed that a deterministic mapping would be required between each commodities reference rate and the broad-based geographic location required. In addition, members debated the implications of the public/ private data requirements on users of the UPI reference data library (RDL), if the reference rate was to be excluded from the UPI product definition. It was noted that such a requirement would result in industry participants requiring UPIs for OTC commodity derivatives to come to the RDL operator in each instance, in order to search for the UPI applicable to the reference rate . The CFTC agreed to consider the data availability point further and revert at the next meeting. >**Action 431**

Product Release Schedule

The DSB's next product release is scheduled for September

AOB

None

Respectfully submitted,

DSB Secretariat

Minutes Approved on:

| Summary of Open Actions | | Owner | Target Date |
|--|---|---------------|--------------------|
| 368 | The ISDA Symbology Group are to report back on industry consensus for the publication of new Reference Rates relating to €STR. | ISDA | 07-Apr-20 |
| 412 | DSB to provide an update to regulators on CFI 2019 adoption following any updated approach being shared with the DSB PC. | DDO | TBC |
| 413 | The DSB to obtain regulatory feedback on the CFI 2019 approach after the initial outreach by the DSB. | 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 | 08-Sep-20 |
| 422 | ISDA to provide the name and implementation details of the new SONIA Reference Rates to the PC. | ISDA | 28-Jul-20 |
| 427 | The DSB to discuss with the PC Chairs and confirm the requirements of the RTS2 Mapping File and the level of granularity required. | DSB | 25-Aug-20 |
| 428 | The DSB to investigate alternative sources for Equity indices data as part of DSB-65 for presentation to the PC. | DSB | 20-Oct-20 |
| 429 | The DSB to provide a detailed breakdown of underlying product and issuer types for Sovereign CDS ISINs. | DSB | 06-Oct-20 |
| 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. | DSB | 06-Oct-20 |
| 431 | The CFTC to consider the data availability point further and revert at the next meeting | CFTC | 22-Sep-20 |
| Summary of New or Updated DSB Tasks | | Status | Priority |