

I would like to respond to Q5:

Q5: Are there processes / use-cases that the DSB has not proposed above but are important to allow the industry to meet the regulatory requirements for ISINs for OTC derivatives? If so, please describe the business use case and explain and evidence why it is necessary.

I was expecting to see another use-case in section 3 for “Check Single ISIN”, in addition to the other 2 query-style use-cases (“Request Single ISIN” and “Request the definition for an ISIN”). This use case would work in a similar way to “Request Single ISIN”, but would only return the ISIN if it already exists, but not allocate a new one if it does not. I assume that “Request Single ISIN” already performs the existing-ISIN check in order to avoid allocating multiple ISINs for the same OTC derivative.

Note that I don’t expect Commerzbank (or other firms) to allocate an ISIN for every OTC derivative we quote on or trade; we only need to set up a new ISIN if we are going to be SI and therefore need to publish instrument details under RTS 23. If we allocate ISINs without publishing under RTS 23, the ISIN won’t be in FIRDS, and therefore ESMA would not recognise the ISIN if we then use it on a post-trade transparency or T+1 report – so there is no point allocating the ISIN unless we have to publish it under RTS 23.

For those OTC derivatives where we do not become SI therefore, I simply want to check if there is already an ISIN allocated by someone else (e.g. if it has been listed on an OTF), as I will need that ISIN to check the various attributes held in FIRDS transparency database (if any) such as liquidity flag, LIS / SSTI thresholds, Derivatives Trading Obligation (not currently in FIRDS transparency, but will need to be published somewhere by ESMA).

If there were no “Check Single ISIN” use-case, I could simply attempt to allocate a new ISIN each time we quote on an OTC derivative, using the “Request Single ISIN” use-case. I could then avoid the issue of ESMA not recognising the ISIN on subsequent reports (see above) by checking it against FIRDS before reporting. However this would result in ANNA DSB allocating more ISINs than are necessary – I can’t say how many more as there are too many unknowns (which ISINs will we be SI for / which ISINs will venues list / will fixed rate or maturity date be part of the ISIN definition / etc.), but I suspect that the difference would be substantial. It would also be more expensive for us, assuming the DSB’s costs are recovered according to the number of ISINs allocated by each user.

Alternatively I could do this by looking up the OTC derivative details against an internal copy of the ANNA DSB data, but that requires me to know and replicate the logic for when ANNA DSB checks if an ISIN already exists – probably not too complex just for ISINs for MiFIR, but in future ANNA DSB will support various taxonomies / levels so this would not be so easy to do. There is then a risk that we (or other firms) implement this logic incorrectly, meaning that there would not be a consistent view of when a new ISIN or other identifier is required and hence reporting data quality would be impaired. I would also have the cost of storing and maintaining an internal copy of the entire ANNA DSB database (in addition to a copy of FIRDS).

Looking forward, I think the current single-query messages “Request Single ISIN” and “Request the definition for an ISIN” are too specific to the first phase when only ISINs are supported. In future, when there are multiple taxonomies / levels, there needs to be a “Request Instrument IDs” query which allocates not just the new ISIN but also the IDs for the OTC derivative in all other taxonomies / levels supported by ANNA DSB (e.g. UPI); conversely there should be a “Request the definition(s) for an ID” whereby we supply an ID

and ID-type (e.g. ISIN or UPI) and ANNA DSB returns all OTC derivative rows corresponding to that ID.

Following that approach, the equivalent of the “Check Single ISIN” use case which we need for MiFIR, for when there are multiple taxonomies / levels supported by ANNA DSB, would be “Check instrument” – this should return all existing taxonomy / level IDs (if any) for the OTC derivative details supplied, e.g. ISIN, UPI etc.