

## **Anonymous5 DSB Product Committee CP2 Response**

18 May 2017

Dear DSB Secretariat,

Thank you for the opportunity to comment on the ANNA-DSB proposed implementation of the MiFID II / MiFIR & MAR requirements with regards to the creation of ISINs for OTC Derivatives. Our sincere apologies in the delay of our submission. Our comments are specifically provided in response to the questions raised in the ANNA-DSB Technology and Operations Consultation Paper 2, dated 19th April 2017. We have limited our responses to institution specific questions that cannot be easily addressed through other forums or industry groups.

***Q1. Bearing in mind that the Day 1 implementation of the ISIN is intended to satisfy the MiFID II Reference data reporting requirements, whilst maintaining structural flexibility for implementation of additional levels in subsequent phases, are there any attributes in the SG2 table above that should be added to the Fixed Float Plain Vanilla Product Definition?***

A1. Value date of trade would make sense to add. Notable instance of different instruments mapping to same ISIN. E.g. of 10yr IRS and a 5yr Fwd. IRS. Maturity date is included in the definition but not the value date. Value date also necessary to indicate an Unwind scenario (will be prior to trade date).

***Q2. Do you agree that these attributes can be derived from the Input attributes?***

A2. No. Delivery type cannot be derived by comparing notional and settlement currencies for all products.

***Q3. Do you agree that these should be output by the ANNA DSB?***

A3. Yes, if the values are accurate (i.e. they reflect the economics of the derivative). This requires additional input parameters or inference logic (for the DSB) agreed with industry.

***Q4. Is the derivation of the above attributes useful for industry? If so, would this impact the industry's implementation and overall ability to meet RTS23 deliverables?***

A4. Yes, if the values are accurate (i.e. they reflect the economics of the derivative). This requires additional input parameters or inference logic (for the DSB) agreed with industry

***Q5. Do you agree that the ANNA DSB should be designing the Product Definitions to align with the current thinking of CPMI IOSCO UPI requirements?***

A5. Yes, if it supports harmonisation across the industry then it would be beneficial but will require further industry consultation and agreement.

***Q6. Are there additional fields that you believe need to be added in order to ensure the goal of supporting CPMI IOSCO are met?***

A6. Yes, if it supports harmonisation across the industry then it would be beneficial but will require further industry consultation and agreement.

***Q7. Using the Fixed Float Plain Vanilla Product Definition as an example, are there other products in other asset classes where any additional SG2 Level 1 attributes outlined below should be added to the base RTS23 & CFI fields? In providing feedback, consideration should be given to any attributes that are relevant for CPMI-IOSCO's UPI.***

A7. Yes, if the values are accurate (i.e. they reflect the economics of the derivative). This would require agreed inference logic (for the DSB) based on inputs. Specifically, the Return Type cannot be inferred from the current equity swap inputs (e.g. Annex 1 - Equities; example 3.2, page 8). This requires further analysis across the industry per asset class to provide a detailed view.

***Q8. Do you believe that the Product Committee's proposal for the DSB to indicate ToTV/uTOTV would benefit the market? Please explain why***

A8. Yes, if (1) the Product Committee has a mandate from ESMA to develop the proposal and (2) that the proposal is in line with ESMA's view. However, further details are required how this will be reported.

***Q9. Are there any other workflows in addition to the above that the DSB should accept or provide?***

A9. If an instrument is supported for the first time on a regulated market on T0, what obligations (execution, reporting etc.) does an SI or investment firm have for trades executed on T0 and at which point the instrument was not recorded as ToTV by the DSB? In other words, an SI/Investment Firm will only see that an instrument is ToTV on T+1 at the earliest.

***Q10. Should the DSB also provide Liquidity/SSTI data in the response to users alongside the ToTV and uToTV flags?***

A10. Yes for the ToTV and uToTV data.