CDIDE

20 September 2023
CDIDE/2023/93/Rev2

CDIDE / DDE-IRG Meeting
(Virtual)

Wednesday, 20 September 2023
13:00 – 14:30 CET

Final Notes

1. **Welcome**

   CDIDE co-Chair Grzegorz Skrzypczynski opened the meeting.

2. **Questions/Topics raised by CDIDE:**

   i. Reporting of Barrier option prices

   Meg (JFSA) noted that there are no elements in the current CDE guidance that provide information on barrier options. Questions were raised on if other products have a similar problem and are there any other attributes for barrier options that should be captured?

   Jeff Braswell (ACTUS) responded that they have just implemented the model for barrier options and offered to share it offline. This was welcomed and Jeff continued that they added about 150 elements to their data dictionary to capture missing elements. The taxonomy in question is the Actus algorithmic contract definition (actusfrf.org).

   Craig McBurnie (ASIC) then asked which of the data elements are unique to barriers and Jeff Braswell stated the important element is the description of the type of the barrier. A double barrier was called out, depending on which one is crossed first.

   Ruth Laslo agreed that we don't want to make it too complicated, as there may be 100s or even 1000s of variations. We should look at ISDA's set of rules that was published many years ago and represents most vanilla barrier options. This document will be distributed to the CDIDE. Another question is if we want to limit it to FX, where it is most liquid and standard, or also to other asset classes. Jeff agreed and noted ACTUS wanted to do the simplest options - single and double barrier. Alex added another point for consideration - who is the calculation agent and which markets are they referencing?

   ii. UTI Sooner Reporting Deadline

   Joanna (ESMA) presented the slides, beginning with slide 5.

On slide 6, Joanna highlighted the three approaches: execution clock, follow the sun and semantic. Following a review of the examples, DDE-IRG Member asked for clarification on the execution clock approach.

Joanna then responded with specific jurisdiction-based timing examples using local time. Paul Nichol added that they are now trying to figure out the UTI generation for EMIR / CFTC implementation, and they have to get a grip on that and asked if this similar to what they are trying to do? Joanna responded that these are three approaches and in the first example it is based on the time of the execution. This option provides clarity, but it's complex. Paul agreed and stated that it would take time to implement and that they will have to work through different scenarios where counterparties are located.

A long discussion ensued with everyone agreeing that more analysis to fully review examples and provide feedback is required.

Craig McBurnie noted that the need to determine in which jurisdiction(s) the transaction is reportable is common to all three methods. The methods, of themselves, do not assist in the determination of the jurisdiction(s) - the question is, which method is best once you know these jurisdiction(s)?

DDE-IRG Member added that the reporting obligation can change on a trade-by-trade basis, and you don't necessarily know it at the moment of execution, when you have to decide who should generate UTI.

Paul noted that there is UTI working group in ISDA, so after they have some conclusions, maybe they could have a discussion with CDIDE to see how their conclusions fit, and if it can solve some issues? This approach was welcomed.

Jeff asked if is it more about the generation or the reporting of the UTI? Joanna responded that while the UTI guidance clarifies the generation responsibility, we should not make a distinction between the two i.e., the UTI generated in line with the Guidance is the one to be reported. Jeff agreed but noted that generation is fundamental, and reporting is secondary.
Due to time constraints, the group moved on to the next agenda item.

    iii.   Normalising FX swap/strategy reporting

Marcello (Consob) presented the slides.
DDE-IRG Member raised some clarification questions and said they also had these discussions in the industry as well.

Robert responded that when the CFTC drafted their rules, they were looking at FGXD best practice from JFMA. So, in CFTC they report it as two different trades. One of the challenges was that they could not see consistent reporting in terms of following this practice and that is why they want to have the label that it's part of a swap transaction.

DDE-IRG Member agreed and added that you can have a swap with two spot components and there may not be a UPI for spot, so they also wanted to use the swap UPI. This then led to a long discussion regarding packages.

Craig McBurnie said it is the only contract type that is reported as one or two records, depending on the jurisdiction, with DDE-IRG Member asking if it should be harmonized and have it reported as one record? Craig McBurnie responded that ASIC did two records because the industry asked them to. DDE-IRG Member asked if this is a legacy from the old ISDA taxonomy, where there was no FX swap product. Craig McBurnie said they were told that it's a matter of booking the trade as two trades.

Group agreed that this needs to be taken back to the industry for further review and discussion. As a follow-up, the question was raised whether the ROC could also consider the way to report valuation in the discussion. Specifically, how should the valuation be reported in the far leg? When asked how it's kept in books and records, participant responded when reporting the FX swap as a single report (one trade executed), then a single valuation would be provided. If there are two records, then it could be scenarios where the whole valuation is put only attached to the far leg. Valuation and reporting also depend on what trading venues provide to firms.

Alex (BVA) added that they wrote swap guidance, and all their venues operate on the basis of FX swap's two legs, as it is primarily a booking issue. There's concern if an alternative approach moves forward, that it may squeeze the FX swap market into a single instrument. Venues could offer single FX swaps, but the market prefers the flexibility and variety of two-legged reporting. Also, some jurisdictions require two legs, so it's easier to have them separate.

Robert added that regarding the UPI record, it is neutral with regard to delivery time and more about labelling, not actual booking. Simon agreed.
Andrew said they will take this topic back to industry and provide an update.

    iv.   Underlier ID: standardizing allowable values.

Craig presented the word document and provided a detailed walkthrough for the group. However, there was limited meeting time remaining for discussion.
Simon Wiltshire stated he has a number of questions and would forward them after the call.

3. Session for Questions and Points

    CDIDE members welcome questions from DDE IRG members.

Grzegorz clarified that the DDE-IRG governance document foresees meeting at least twice per year. CDIDE will review when to schedule the next meeting.

Aaron (DTCC) asked if there was a conclusion on the Q3 consultation document. Lacey responded that it went out to ROC plenary for review on 9/19 and they have one week to provide any feedback. If none, then it should be published in a little over a week.

Jeff asked what channel to use to provide comments and the agreement was to send them to the ROC Secretariat for distribution. Additionally, it was clarified that slides that were reviewed during the meeting can be shared with other industry members relevant for the topic.

Robert addressed a note in the chat about treatment of cryptocurrencies. The DSB Product Committee has convened a subcommittee for how to address these. Simon added that they will be publishing the recommendations after signoff by the DSB Product Committee.

4. **Closure**

   CDIDE co-Chair Robert Stowsky closed the meeting.

CDIDE and DDE IRG Meeting	Start Time	End Time	User Email	Duration (Minutes)	Participants
1603923297	9/20/2023 6:50	9/20/2023 8:43	ROCSecretariat@ofr.treasury.gov	113	67

Name (Original Name)	Join Time	Leave Time	Duration (Mi	Guest	In Waiting R
Lacey Aaker	9/20/2023 6:50	9/20/2023 8:43	113	No	No
Craig McBurnie	9/20/2023 6:51	9/20/2023 6:51	1	Yes	No
19048681005	9/20/2023 6:51	9/20/2023 8:43	112	Yes	No
Jessica Fernando	9/20/2023 6:53	9/20/2023 6:55	3	Yes	No
Ruth Laslo (GA2LASH)	9/20/2023 6:54	9/20/2023 8:42	109	Yes	No
Tomoko Imamiya	9/20/2023 6:55	9/20/2023 8:42	108	Yes	No
Nagaura_Mizuho Bank	9/20/2023 6:56	9/20/2023 8:43	107	Yes	No
david nowell	9/20/2023 6:56	9/20/2023 8:42	107	Yes	No
Tomohiro Okubo	9/20/2023 6:56	9/20/2023 8:43	107	Yes	No
Jessica Fernando	9/20/2023 6:56	9/20/2023 6:59	3	Yes	No
Tom Brown	9/20/2023 6:56	9/20/2023 8:43	107	No	No
Marcus Chow	9/20/2023 6:57	9/20/2023 8:42	106	Yes	No
Polly Lee	9/20/2023 6:57	9/20/2023 8:42	106	Yes	No
Rajal Patel	9/20/2023 6:57	9/20/2023 8:43	106	Yes	No
M. Kusunoki	9/20/2023 6:57	9/20/2023 8:43	106	Yes	No
DM-609N2-07071621183	9/20/2023 6:57	9/20/2023 8:42	106	Yes	No
Craig McBurnie	9/20/2023 6:57	9/20/2023 8:42	106	Yes	No
Amy Butler (SEC) (Amy Butler)	9/20/2023 6:57	9/20/2023 8:43	106	Yes	No
12028056228	9/20/2023 6:58	9/20/2023 8:43	105	Yes	No
Smbc	9/20/2023 6:58	9/20/2023 8:42	105	Yes	No
Robert Stowsky	9/20/2023 6:58	9/20/2023 8:43	105	Yes	No
Meg Ota (JFSA)	9/20/2023 6:58	9/20/2023 8:42	105	Yes	No
Mohammed Alateeq	9/20/2023 6:58	9/20/2023 7:58	60	Yes	No
Grzegorz Skrzypczynski	9/20/2023 6:59	9/20/2023 8:43	104	Yes	No
Marcello Cappiello (CONSOB)	9/20/2023 6:59	9/20/2023 8:42	104	Yes	No
12028264881	9/20/2023 6:59	9/20/2023 8:42	104	Yes	No
Luca Amadei EU FISMA C2	9/20/2023 6:59	9/20/2023 8:05	66	Yes	No
Eric Thong	9/20/2023 7:00	9/20/2023 8:42	103	Yes	No
Paul Nichol BofA	9/20/2023 7:00	9/20/2023 8:43	103	Yes	No
Joanna Lednicka	9/20/2023 7:00	9/20/2023 8:42	103	Yes	No
17325127176	9/20/2023 7:00	9/20/2023 8:42	103	Yes	No
Member from JPMorgan Chase	9/20/2023 7:00	9/20/2023 8:42	103	Yes	No
Simon Wiltshire	9/20/2023 7:00	9/20/2023 8:42	103	Yes	No
Christophe Bonnet - AMF	9/20/2023 7:00	9/20/2023 8:42	103	Yes	No
Justin Pica (SEC)	9/20/2023 7:00	9/20/2023 8:43	103	Yes	No
4.47395E+11	9/20/2023 7:01	9/20/2023 8:42	102	Yes	No
4.96914E+11	9/20/2023 7:01	9/20/2023 7:02	2	Yes	No
12129016051	9/20/2023 7:01	9/20/2023 8:36	95	Yes	No
Chen# Ding (Aaron)	9/20/2023 7:01	9/20/2023 8:42	101	Yes	No
yuko katayama	9/20/2023 7:01	9/20/2023 8:43	102	Yes	No

Name	Join Time	Leave Time	Duration (min)	In Meeting	Guest
Alexander McDonald	9/20/2023 7:02	9/20/2023 8:42	101	Yes	No
Rubin# Warren	9/20/2023 7:02	9/20/2023 8:30	89	Yes	No
Maria-Anna Kontodiou	9/20/2023 7:02	9/20/2023 8:42	101	Yes	No
Michele Altobelli	9/20/2023 7:02	9/20/2023 7:10	9	Yes	No
LAshrafi	9/20/2023 7:02	9/20/2023 8:43	101	Yes	No
cb3otti	9/20/2023 7:02	9/20/2023 8:31	89	Yes	No
Xiaoxue Zhang	9/20/2023 7:03	9/20/2023 7:35	32	Yes	No
Andrew Harvey	9/20/2023 7:04	9/20/2023 8:42	99	Yes	No
Hopkins# Andrew	9/20/2023 7:05	9/20/2023 8:43	98	Yes	No
Jeff Braswell	9/20/2023 7:05	9/20/2023 8:43	98	Yes	No
Member from Société Générale	9/20/2023 7:07	9/20/2023 8:42	95	Yes	No
15157078509	9/20/2023 7:09	9/20/2023 8:27	78	Yes	No
Michele Altobelli	9/20/2023 7:10	9/20/2023 7:55	45	Yes	No
iPhone	9/20/2023 7:23	9/20/2023 7:25	2	Yes	No
Richard Young (iPhone)	9/20/2023 7:24	9/20/2023 8:14	50	Yes	No
Xiaoxue Zhang	9/20/2023 7:35	9/20/2023 8:08	33	Yes	No
Feng lei	9/20/2023 7:52	9/20/2023 8:43	51	Yes	No
Michele Altobelli	9/20/2023 7:55	9/20/2023 8:17	22	Yes	No
Luca Amadei EU FISMA C2	9/20/2023 8:05	9/20/2023 8:42	38	Yes	No
Michele Altobelli	9/20/2023 8:17	9/20/2023 8:24	7	Yes	No
Michele Altobelli	9/20/2023 8:24	9/20/2023 8:31	8	Yes	No
Michele Altobelli	9/20/2023 8:31	9/20/2023 8:39	8	Yes	No
Michele Altobelli	9/20/2023 8:39	9/20/2023 8:43	4	Yes	No
"Sun tao "的 iPhone	9/20/2023 6:57	9/20/2023 8:43	106	Yes	No
Feng Lei	9/20/2023 7:09	9/20/2023 7:11	2	Yes	No
Feng Lei	9/20/2023 7:15	9/20/2023 7:52	38	Yes	No
Xiaoxue Zhang	9/20/2023 8:08	9/20/2023 8:43	35	Yes	No