

Change Workflow – Enumerated Proprietary Index Lists

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Executive Summary

- The purpose of this document is to articulate the change workflow for users to follow when requesting a new proprietary index to be added to the existing DSB maintained enumerated lists
- The DSB maintains proprietary index enumeration lists for several asset classes as disclosed in section 1
- Submissions must be sent by approved requesters who can achieve this status by applying to the DSB using the DSB Authorised Requester form (see Appendix 4.1)
- Industry participants are encouraged to respond to the DSB (product.management@ANNA-DSB.com) via the DSB Proprietary Index submission file with all relevant proprietary indices
- All Proprietary indices received and validated prior to **COB 13th October 2017** will be included in the initial UAT and PROD release
- Proprietary Indices received after this date will be implemented in line with the workflow described in this document once the Proprietary Product Definitions are in the Production environment

1 Introduction

1.1 Document Purpose

The purpose of this document is to specify the workflow that industry participants should follow to advise the DSB of a new addition to the Credit, Equities or Commodities proprietary index enumerated lists that are maintained by the DSB.

1.2 Background

The approach to attribute validation adopted by the DSB is to provide enumerated lists wherever possible to minimise the creation of erroneous ISINs due to the input of an incorrect index name.

The approach set out in this document will apply to the following DSB ISIN product attributes:

- Underlying Instrument Index (RTS23/Field 28)
- Underlying Instrument Reference Rate (RTS23/Field 40)

The DSB Product Committee has established two possible categories for Index lists:

- Third-Party Index Enumerations
- Proprietary Index Enumerations

Both are defined in the following two sections.

1.2.1 Third-Party Index Enumerations

These are indexes that are owned and managed by a third-party such as ISDA or FpML. Key aspects of these indexes are:

- Third-party is the golden source for the index enumeration list
- Changes to the indices are controlled by the third-party and subject to potential Intellectual Property Right restrictions
- The DSB will only be able to enact change to a list once the third-party has completed its change process and in accordance with the DSB's change cycle.

The set of indexes falling into this category are:

| Asset Class | RTS 23 Field | Owner | Source |
|-------------|-----------------------------|-------|---|
| Rates | Reference Rate | FpML | http://www.fpml.org/spec/coding-scheme/fpml-schemes.html#s5.91 |
| Rates - CPI | Reference Rate | FpML | http://www.fpml.org/spec/coding-scheme/fpml-schemes.html#s5.99 |
| Credit | Underlying Instrument Index | TBC | TBC |
| Equities | Underlying Instrument Index | ESMA | https://www.esma.europa.eu/policy-activities/mifid-ii-and-mifir/mifid-ii-transitional-transparency-calculation |
| Commodities | Reference Rate | FpML | ISDA Taxonomy 2.0 |

1.2.2 Proprietary Index Enumerations

These are index enumeration lists which are submitted by industry and maintained by the DSB. Key aspects of these indices are:

- The DSB maintains the enumeration list for the attribute / asset class combination
- Change management is controlled by the DSB

- These are indices defined by a single institution. The DSB will consider any index as proprietary, unless declared otherwise.
- Proprietary Indices submitted to the DSB are considered free from any IPR issues and are fully distributable to all users of the DSB in its primary course of business
- Submission of an Index to the DSB accepts the fact that other users creating ISINs may refer to this index
- The Proprietary change management workflow is subject to all DSB agreements and associated policies

The set of indices falling into this category are:

| Asset Class | RTS 23 Field | Owner | Source |
|-------------------|-----------------------------|-------|---|
| Credit | Underlying Instrument Index | DSB | Industry submitted and verified indices |
| Equities | Underlying Instrument Index | DSB | Industry submitted and verified indices |
| Commodities Index | Underlying Instrument Index | DSB | Industry submitted and verified indices |

This document specifies the change workflow for the above proprietary indices only.

1.3 Index data attributes

The DSB will request and hold the following attributes against each of the indices on a DSB managed enumerated proprietary index list:

| Attribute Name | Description | Type | Example Value |
|---------------------------------|---|---------|----------------------|
| Last Modified Date ¹ | Date on which the index was last modified; initial value equals creation date | Date | 2017-07-29 |
| Index Asset Class | Asset class of the index – set by the possible enumerations of CFI letter #2 | String | Equity |
| Index Name | Name of the proprietary Index | String | New Index |
| Index Source | Name of the owner / issuer of the index | String | Bank ABC |
| Index Source ID | LEI of the owner | LEI | 123456789AB987654321 |
| Index Requestor | Name of the organization requesting the new index | String | Bank ABC |
| Constituent TOTV | Flag to indicate if the index has constituent that is TOTV. | Boolean | TRUE |

¹ “Static” indices:

- Index is Created, last modified date = creation date
- Index is Static, except for Lifecycle event (Corp Actions):
 - No Change in TOTV = no report to DSB, Last Modified Date is unchanged
 - Change in TOTV = report to DSB, Last Modified Date is updated with date of change
 - Changes to any of the other submitted fields (Index Name, Asset Class etc) = report to DSB, Last Modified Date is updated with date of change.

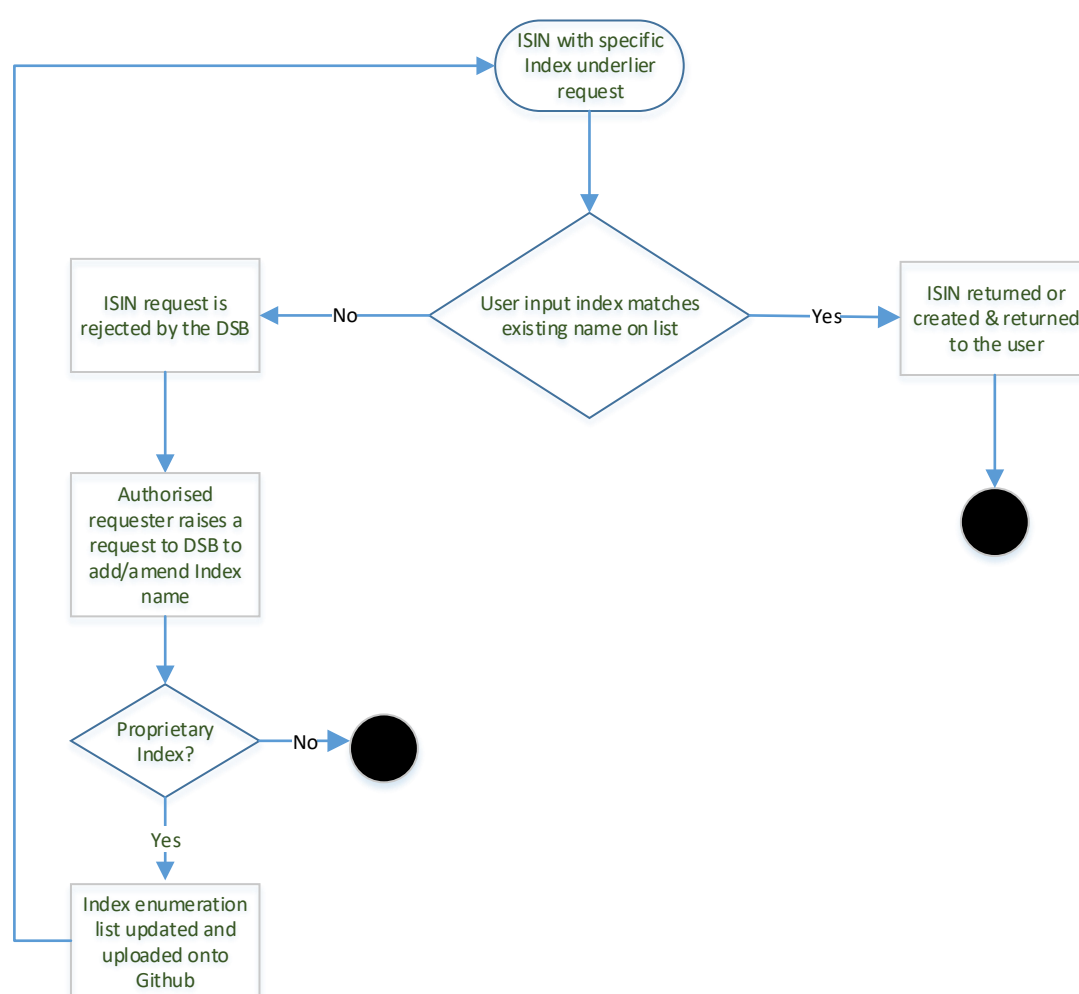
“Dynamic” indices which are constantly updating i.e. the index is dynamic by nature:

- Index is Created, last modified date = creation date
- Index constantly changes based of the rules of the index:
 - No Change in TOTV = no report to DSB, Last Modified Date is unchanged
 - Change in TOTV = report to DSB, Last Modified Date is updated with date of change
 - Changes to any of the other submitted fields (Index Name, Asset Class etc) = report to DSB, Last Modified Date is updated with date of change

- Upon first receipt of a submission, the DSB will assign a numerical identifier to the specific organisation and privately communicate it to the requester
- This identifier will be recorded as a prefix to the proprietary index name in the published Proprietary Index list to ensure uniqueness and anonymity
- When requesting an ISIN referencing a submitted proprietary index name, users should input their numerical identifier as a prefix to the index name exactly as it will appear in the list.

1.4 High-level workflow

- The below workflow is a high-level example of the proprietary index creation workflow. Only organizations that have registered to add ISINs will be permitted to follow this process
- A submitted proprietary index will be made available for use during ISIN creation within 1 day of receiving a valid proprietary index submission



2 Key Strategic Workflow

The workflow listed below and detailed in subsequent sections does not have an impact on the JSON template version, the existing ISIN database and user interaction with the DSB.

| Action | Backward Compatibility | JSON template version increase | UAT period | JSON download required |
|------------------------------|------------------------|--------------------------------|------------|------------------------|
| New Proprietary Market Index | ✓ | ✗ | ✗ | ✗ |

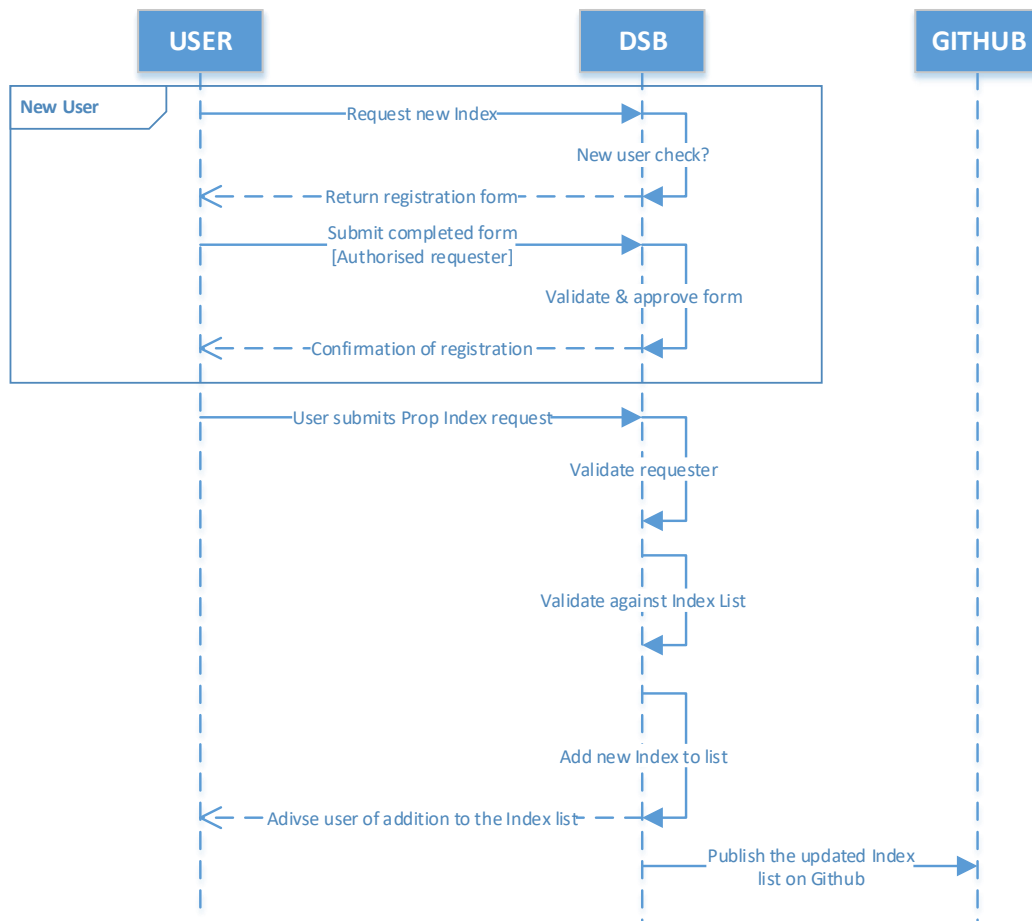
- **Backward Compatibility:** Whether the action has no effect on the existing JSON templates and users can continue to interact with the DSB without seeking an updated JSON
- **Version increase:** The addition or amendment result in an iteration of the JSON template that will supersede the existing version and render the existing version redundant. This is coupled with actions that are not backwardly compatible. Users will need to download the new JSON version from the DSB
- **UAT period:** The period required for testing the change prior to release into production
- **JSON download required:** If users wish to use the new/amended index they will need to obtain the updated JSON templates containing the change

2.1 Organization Registers to Add Indices

- Organizations can register to add indices to the DSB proprietary index enumeration list
- When registering, organizations will be expected to submit a list of authorized requesters, capped at 5 per organisation, via the DSB Authorised Requester Form – these authorized requesters will be recognized by the DSB as having permission to add indices
- For addition of proprietary indices requested systematically via FIX or ReST API (once these methods are available), no authorized requester will be required; however, the request will need to come from an organization registered to add indices
- For addition of proprietary indices via the GUI or form, the request should be made by an authorized requester

2.2 New Proprietary Index

Below is the main workflow for a new proprietary index requested by an approved organization:



| Step | Description |
|----------------------------|---|
| User submits index request | <p>Assumptions</p> <ul style="list-style-type: none"> User populates the full set of attributes required for the index using the form DSB Index list submission New index does not already exist Request submitted via the DSB_Proprietary Index Submission form <p>Description</p> <p>The user submits their request to the DSB to add a new proprietary index.</p> |
| Validate requester | <p>Assumptions</p> <ul style="list-style-type: none"> Organization is registered as an index creator User submitting the request is registered as an authorized requester from the relevant organization <p>Description</p> <p>DSB checks the organization and individual (where relevant) ensuring the requesters are approved index creators.</p> |
| Requester = Owner | <p>Assumptions</p> <ul style="list-style-type: none"> Index requester and owner use the same type of identification <p>Description</p> <p>To ensure the index is 'proprietary', the DSB checks the identification of the index requester is the same as the source.</p> |

| Step | Description |
|---------------------|---|
| Implement new index | <p><u>Assumptions</u></p> <p><u>Description</u></p> <p>DSB will add the index name to the list of enumerations, publish the updated list of Github and confirm with the user. The user can then request an ISIN with the new index as underlier, DSB will validate the name matches the enumeration list and if so generate and return an ISIN. The DSB aims to meet a 1 day SLA on new index additions.</p> |

3 Product Definition design

3.1 Equity Single Proprietary Index / Credit Index

- The list of Proprietary Indices gathered from Industry will be maintained by the DSB in an independent published document
- Users are expected to have submitted their required indices to the DSB using the DSB Index List Submission form and have obtained the latest published list
- An additional optional field for 'Underlying Instrument Prop Index' will require users to manually input the index name, the assumption being that the Index name submitted as part of the ISIN request exists on the Proprietary Index list
- The DSB will reject any ISIN request with an index underlier not contained on the Proprietary Index list

3.2 Equity Basket & Portfolio Swap / Commodity Multi-Exotic

- The list of Proprietary Indices gathered from Industry will be maintained by the DSB in an independent published document
- Users are expected to have submitted their required indices to the DSB using the DSB Index List Submission form and have obtained the latest published list
- Basket/Portfolio Swap & multi-exotic Product Definitions can contain a combination of standard market indices and proprietary indices
- An additional optional field for 'Underlying Instrument Prop Index' will require users to manually input the index name, the assumption being that the Index name submitted as part of the ISIN request exists on the Proprietary Index list
- The DSB will reject any ISIN request with an index underlier not contained on the Proprietary Index list

4 Appendix

4.1 DSB Authorised Requester Form

Organisations who wish to submit Proprietary Indices to the DSB must complete the DSB Authorised Requester form including a list of all authorised users and return to product.management@ANNA-DSB.com

The form is available on Github [here](#)

4.2 DSB Proprietary Index List Submission file

This file contains the attributes required when submitting or amending proprietary indices and should only be submitted by authorised users.

Completed forms should be sent to the product.management@ANNA-DSB.com

The form is available on Github [here](#)