

## MEMORANDUM

**To:** File No. S7-03-15

**From:** Yvonne Fraticelli

**Subject:** Summary of meeting with representatives from the International Swaps and Derivatives Dealers Association ("ISDA")

**Date:** October 6, 2015

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On October 5, 2015, representatives from the Securities and Exchange Commission's Division of Trading and Markets (Tom Eady, Michael Gaw, George Gilbert, Gary Goldsholle, Kathleen Gross, Dave Michehl, Jeff Mooney, and Yvonne Fraticelli) and Division of Economic and Risk Analysis (Joseph Bishop, Joshua Caust-Ellenbogen, Narahari Phatak, and Burt Porter) met with Chris Young and Karl Engelen of ISDA. Among the topics discussed were the ISDA's symbology initiative for swaps and security-based swaps. Copies of the materials provided at the meeting are attached.

## SYMBOLGY FAQ

The following FAQ addresses questions related to the ISDA Symbology initiative ([link to ppt](#)).

The FAQ will be updated while the project progresses.

Last update: September 29, 2015

**Q: What are the preferred standards for product IDs?**

A: The ISDA consortium is investigating all relevant standards that may meet the industry and regulatory requirements. This includes, but is not restricted to, existing IDs such as RED codes and FIGI. The initiative is also considering how ISO standards such as ISINs may be leveraged where appropriate. In addition, the group will also consider infrastructure questions, including whether there should be one or more central utilities issuing the product symbols or whether a decentralized approach is ultimately favored.

**Q: How does the Symbology Initiative tie in with regulatory efforts to harmonize data?**

A: Regulatory initiatives, such as CPMI-IOSCO's current work on data harmonization, will act as key inputs to the Symbology project, and the industry's efforts will be aligned with regulatory requirements. There are also business and operational drivers, such as a need to simplify the aggregation of liquidity across multiple trading platforms. This has prompted the industry to begin to consider these issues now.

**Q: What's the scope of the initial phase?**

A: The Symbology Governance Committee (SGC) will focus initially on the credit, equity and rates asset classes, and plans to develop a proposal for broader review by the end of 2015. Work is expected to continue on FX and commodities in 2016.

**Q: How can I get involved in the initiative?**

A: The SGC members will jointly fund the project management support until December 31, 2015. The governance structure and SGC composition will be re-evaluated after the initial phase at the end of 2015.

**Q: How can I stay informed about the initiative?**

A: The consortium will provide ongoing updates through various ISDA committees, such as the FpML standards committee and working groups, and the ISDA data and reporting RIC. In addition, updates will be provided through the Cross Trade Association Data Harmonization Committee. Documents will also be made available through the ISDA website, and broader consultations are expected once the initial proposals are developed.

# Symbology

# ISDA Symbology project

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## Goal of the Symbology project

Create a standard symbology for derivative products for pre-trade, trading and post-trade workflows, to be used by the entire industry, as an open-source standard.

ISDA contacts:

- Karel Engelen - [kengelen@isda.org](mailto:kengelen@isda.org)
- Ian Sloyan - [ISloyan@isda.org](mailto:ISloyan@isda.org)

Press:

[ISDA release](#)

[SIFMA AMG release](#)

# Drivers for Symbology project

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## Regulatory Drivers:

**MIFIDII/MIFIR** –identifier required with applications for pre- and post-trade transparency, including liquidity determinations, transaction reporting, systematic internaliser test and identification of derivatives subject to venue trading.

**SEC** - Product ID required and defined as standardized, abbreviated and accurate means for identifying Security Based Swaps (SBS)

## General business drivers:

- Reduce complexity for market participants (and their clients).
- Simplify the aggregation of liquidity across multiple trading venues (ie, simplifies connection to venues (SEFs, RMs, MTFs, OTFs etc)).
- **May be used for identification of derivatives for:** RFQ, streaming quotes, pre-trade reference data, execution notification, market data.

In addition to the drivers mentioned, new technological improvements or other market developments might also be aided by a standardized symbology, and ISDA will review and consider these as they arise.

# Symbology project governance - 2015

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- ISDA has formed a Symbology Governance Committee (SGC), operating under the ISDA umbrella, which will provide oversight for the symbology work. The SGC will provide reports to the ISDA Product and Infrastructure Board Committee and Board of Directors, as necessary.
- SGC has representatives from sell side, buy side and vendors/market infrastructures.
- SGC members jointly fund the full project management support until Dec 31, 2015
- The broader community will be kept informed through the FpML standards committee, the ISDA data and reporting RIC and the Cross Industry Data Harmonization Steering Committee. Information will be made available on the ISDA website and broader consultations are envisioned once the working groups have developed the approaches.
- The SGC prioritizes active outreach and engagement with national and global regulators. The upcoming ESMA RTS for MIFIDII/MIFIR and the CPMI-IOSCO work on product identifiers are key inputs to the symbology work.
- The governance structure and SGC composition will be reevaluated after the initial phase at the end of 2015.
- Etrading Software will provide project management support

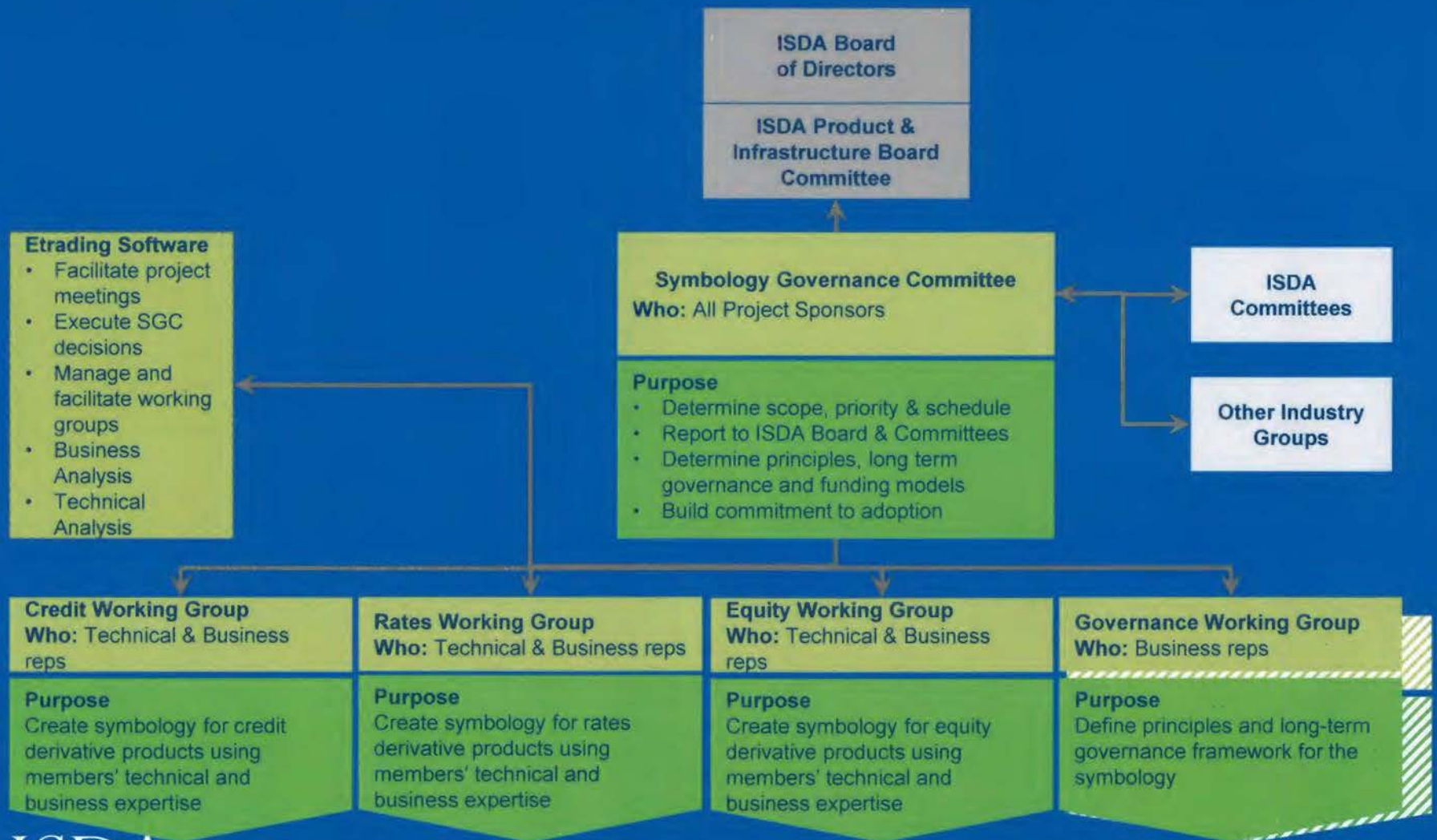
# Symbology 2015 deliverables

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The Symbology Governance Committee has defined the following key deliverables for 2015. The deliverables will be developed through various working groups overseen by the Governance Committee:

- Symbology proposals for credit, equity and rates
- Build commitment to adoption beyond the initial group of project sponsors
- Long-term governance model for a symbology standard
- Long-term funding model

# Governance structure





# Participating firms and vendors

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Bank of America Merrill Lynch	Bloomberg
Barclays	DTCC
BNPP	ICAP-Traiana
Credit Suisse	Markit
Citi	Thomson Reuters
Deutsche Bank	Tradeweb
Goldman Sachs	SIFMA AMG
JP Morgan Chase & Co.	
Morgan Stanley	
Societe Generale	
UBS	