SPS Naming Convention v.1

Status of this document

This document sets out the naming convention for how the Settlement Price Sources ("SPSs"), as defined in the Settlement Price Source Matrix of the ISDA Digital Asset Derivatives Definitions, should be named to increase consistency and understandability. ISDA formalised the SPS naming convention with members of the ISDA Digital Assets Market Infrastructure (DAMIG), the ISDA Digital Assets Legal Group and the FpML Cross Asset Product Group. This document may be updated from time to time.

Contents

1. Summary

- ISDA published version 1.01 of the ISDA Digital Asset Derivatives Definitions (the "Digital Asset Definitions") in January 2023, which include, among other ancillary documentation, the Digital Asset Derivatives Definitions Settlement Price Source Matrix (the "SPS Matrix").
- The SPS Matrix contains the list of SPSs (i.e. digital asset benchmarks) that parties can reference in their OTC contracts. By referencing the SPS name, the corresponding definition contained in the SPS Matrix is incorporated into the OTC contract for various purposes, including in particular the calculation of the Forward / Option Cash Settlement Amounts and the linking of certain Disruption Events and Disruption Fallbacks to the underlying settlement price.
- The SPS Matrix published with v1.01 of the Digital Asset Definitions contains sixteen SPSs (ten Bitcoin and six Ether) whose names do not follow any strict or defined naming convention or rules.
- It is possible for the same underlying settlement price to be published in different Settlement Price Source Locations. Whilst this aspect should not create issues during normal course of business, it may create different outcomes during certain disruption events. The need to include such details in the SPS names became apparent in the months following publication of the Digital Asset Definitions, when certain ISDA members asked for additional SPS names to be added to the SPS Matrix, whose names would have matched the names already in the SPS Matrix.
- ISDA proposed working on an SPS naming convention to future-proof the SPS Matrix, allowing new names to be added in due course. Such proposal received support from members of the ISDA DAMIG.
- Without a naming convention in place, it is possible that SPSs could be confused with each other.
- By defining a set of principles for naming SPSs, we can improve understandability and predictability of SPS naming.
- Formalising a naming convention can assist parties to bilaterally formulate consistent and predictable SPS names for settlement prices currently not in the SPS Matrix.
- The naming convention combines the reference asset, the reference asset contract specifications providing descriptive features of the underlying settlement price, the geographical location, the settlement price source provider (i.e., the settlement price source publisher), where applicable, in a specific, consistent pattern. Note that not all of the above data points will be applicable to any given SPS name.
- The naming convention also designates the legal character set and how delimiters are to be used.
- The convention is intended to be used as a guide but, given the complexity of the subject matter and the variety of settlement prices that are available, it will not be possible to map out a definitive set of rigidly applicable rules. There may be instances in which exceptions or divergences are required, some of which may rely on the exercise of subjective judgement. The convention may also need to evolve over time to reflect future developments of the SPS Matrix and the Digital Asset Definitions.

2. Background

- The SPS Matrix was published along with v1.01 of the Digital Asset Definitions, and, as of the publication of v1 of the SPS Naming Convention document, it has not been updated since the original publication.
- ISDA proposed creating an SPS naming convention to future-proof the SPS Matrix for inclusion of additional SPS names that may be difficult to distinguish due to similar underlying features/data points.
- Such proposal was accepted by members of the ISDA DAMIG.
- The SPS naming convention also allows market participants to bilaterally create their own SPS names in a consistent manner, in case such SPS names are not yet included in the SPS Matrix.
- ISDA will amend the SPS Matrix in line with the SPS naming convention criteria - firms who wish to align with the revised SPS Matrix may need to update their internal data and systems.
- SPS names are currently not present in FpML or in CDM. ISDA can assist in adding the revised SPS names to such data models to make them available in relevant downstream processes for example trade transaction reporting. The approach allows alignment with all processes that may consume SPS names.

3. Issues with the current SPS names

Some of the issues with the current SPS names include:

- It can be difficult to differentiate between a number of SPSs that reference the same underlying benchmark, which may have identical or very similar names.
- Unclear or inconsistent SPSs may lead to breaks or disputes between the parties due to incorrect understanding of the terms of the contract.
- When adding a new SPS, it can be difficult to predict what exactly it will be called.
- Some SPS names may include certain special characters (e.g., punctuation) or extra spaces that could cause processing difficulties, e.g. in matching or saving to a database.
- Divergence in SPS names used by market participants can cause issues in various trade life cycle processes, for example the consumption of reported transaction data by regulatory authorities and the execution of transaction confirmations in adherence with the relevant confirmation execution timeliness targets.

4. Objectives for a new naming Convention

- Uniqueness: Create a SPS name that is unique and describes the function of the benchmark for clear identification.

- Readability:
  - SPS names should be easily readable and capable of being distinguished from one another.
  - The SPS name should simplify the identification of a benchmark during trading and trade processing – the name needs to contain sufficient detail so that traders and trade support functions know which benchmark they are selecting to execute a transaction.

- Predictability: The naming convention should be detailed and specific enough to allow a rule-based determination of the SPS name in most cases.

- Detailed: Detailed benchmark characteristics will be available through metadata associated with that particular benchmark, so the SPS name does not need to duplicate/contain all benchmark features.

- Simplified: Minimize the use of special characters, such as punctuation characters, to avoid technical processing difficulties. For example, certain special characters have specific meanings in some technology environments, such as XML, and so must be quoted or escaped, which should be avoided where possible.

5. Overview of the naming convention

The SPS naming convention seeks to ensure that only those values that are relevant for a particular reference asset are provided in the SPS name and that the information is displayed in the most logical, understandable and predictable manner.

General Guidelines

- Optional fields - not all data points captured in the proposal will be available or will be needed for all SPSs, in which case such data points should not be added to the name.
- Syntax – each data point of the SPS name must be separated with a "-". Spaces are allowed if a certain data point is comprised of two or more words (for example "REFERENCE RATE"). Each word must be in upper case.
- SPS name creation - the data points in a SPS name are driven by the underlying settlement price as described by the relevant Settlement Price Source Provider. As such, it is necessary to understand the characteristics of such underlying settlement price first and subsequently create the corresponding SPS name based on its underlying features.
- Special characters - symbols should be avoided in the SPS names (e.g., © or ™) and letters should be used instead (e.g., (C) or (TM)). Characters like Ampersand ("&") can be used in the SPS Matrix, however they will be spelled out as "and" (e.g., "SandP" for S&P) in the corresponding FpML data files.

We propose to use the following pattern for defining SPS names:

5.1. SPS Naming Convention

Reference Asset-Reference Asset Contract Spec-Reference Asset Contract Features-Price Source Currency-Settlement Price Source Provider

Where:

- **Reference Asset** is the name of the digital asset class, as per the sections of the SPS Matrix. The choices included in v1.01 of the SPS Matrix are "BTC" for Bitcoin and "ETH" for Ether.

- **Reference Asset Contract Spec** is a description of the digital asset product. Where available, this data point should start with the underlying benchmark's identifier/code (e.g., "BRR" or "XBT"), followed by the description of the reference asset (e.g., "REFERENCE

RATE" or "PRICE INDEX"). Combining the information, for example, this data point could be shown as "BRR REFERENCE RATE" or "XBT PRICE INDEX".

- **Reference Asset Contract Features** is optional and should be filled out in case additional descriptive features are required to distinguish from other SPS names. For example, "New York" if the Bitcoin Reference Rate is referencing the New York variant.

- **Price Source Currency** is optional and should be filled out in case the underlying rate is not denominated in USD. It refers to the alphabetic currency code in which the underlying rate is denominated.

- **Settlement Price Source Provider** is the acronym of the entity responsible for the publication of the SPS at the Settlement Price Source Location. For example, "CF" for CF Benchmarks or "CME" for CME Group.

Some examples of SPS descriptions using this convention include:

Reference Asset	Reference Asset Contract Spec	Reference Asset Contract Features	Price Source Currency	Settlement Price Source Provider	Proposed SPS Name
BTC	BRR REFERENCE RATE	N/A	N/A	CME	BTC-BRR REFERENCE RATE-CME
BTC	BRR REFERENCE RATE	N/A	N/A	CF	BTC-BRR REFERENCE RATE-CF
BTC	BRRNY REFERENCE RATE	NEW YORK	N/A	CME	BTC-BRRNY REFERENCE RATE-NEW YORK-CME
BTC	BRRNY REFERENCE RATE	NEW YORK	N/A	CF	BTC-BRRNY REFERENCE RATE-NEW YORK-CF
BTC	BTCEUR_RR REFERENCE RATE	N/A	EUR	CME	BTC-BTCEUR_RR REFERENCE RATE-EUR-CME
BTC	BTCEUR_RR REFERENCE RATE	N/A	EUR	CF	BTC-BTCEUR_RR REFERENCE RATE-EUR-CF
ETH	ETHUSD_RR REFERENCE RATE	N/A	N/A	CME	ETH-ETHUSD_RR REFERENCE RATE-CME
ETH	ETHUSD_RR REFERENCE RATE	N/A	N/A	CF	ETH ETHUSD_RR REFERENCE RATE-CF
ETH	ETHUSD_RR REFERENCE RATE	NEW YORK	N/A	CME	ETH-ETHUSD_RR REFERENCE RATE-NEW YORK-CME
ETH	ETHUSD_RR REFERENCE RATE	NEW YORK	N/A	CF	ETH-ETHUSD_RR REFERENCE RATE-NEW YORK-CF

5.2. Summary of SPS fields

The following table illustrates which fields are mandatory (M) or optional (O) for each reference asset class that is included in the SPS Matrix.

Reference Asset	Reference Asset Contract Spec	Reference Asset Contract Features	Price Source Currency	Settlement Price Source Provider
M	M	O	O	M