

DERIVATIVES SERVICE BUREAU

TECHNOLOGY ADVISORY COMMITTEE – INDUSTRY CONSULTATION REVIEW MEETING

23 June 2020

MEMBER FINAL V01

Agenda

- **Governance**
 - Competition Law Reminder
 - TAC Charter Update
 - TAC Membership Update
- **Industry Consultation Introduction**
 - Introduction
 - Milestones
- **Topics Under Consideration**
 - Overview
 - Functionality
 - Service Availability
- **AOB**
- **Appendices**
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 - Meeting Schedule

Governance I of V - Competition Law Reminder I of II

The purpose of this protocol is to remind attendees of Derivatives Service Bureau (DSB) Limited (“DSB”) Technology Advisory Committee, that all discussions at such meetings are subject to the application of EU, UK and other applicable national competition law (“Competition Law”).

Individual attendees are responsible for observing the requirements of Competition Law and should make themselves familiar with their legal obligations and their own organization policies.

The DSB is committed to compliance with Competition Law and advises that TAC participants follow the guidance set out below in order to ensure that all meetings remain in compliance with Competition Law.

1. A meeting agenda will be circulated in advance of a meeting. Any objections to, or potential concerns about, the proposed agenda in relation to Competition Law compliance should be raised prior to the meeting if practicable
2. Attendees must stick to the prepared agenda during the meeting and avoid discussion about other topics
3. Attendees must not seek, discuss, communicate or exchange any commercially or other business sensitive information about their organization or relating to competitors (whether before, during or after meetings). This includes, for example, any non-public information relating to prices, costs, revenues, business plans/marketing activities, individual terms and conditions, risk appetite or any other information which is likely to reduce strategic uncertainty in the market (i.e. which might result in less intensive competition than would normally occur)
4. Attendees must not reach any sort of agreement or understanding that is unlawful due to competition law (e.g. unlawful horizontal agreement, unlawful vertical agreement)

Governance II of V - Competition Law Reminder II of II

5. The TAC Secretariat will take minutes of the meeting, and supply these to each attendee in due course.
6. If the Chair considers that a discussion at the meeting may be inappropriate from a Competition Law perspective, he or she shall raise an objection and promptly bring that part of the discussion to an end. If another attendee, or the DDO, is concerned about a discussion from a Competition Law perspective, he or she shall bring it to the attention of the Chair, who will promptly bring that part of the discussion to an end. If other attendees attempt to continue that discussion, the Chair shall bring the meeting to an end. Every attendee is allowed to immediately leave the meeting in such situations. All such situations must be properly recorded in the minutes.
7. The minutes of the meeting must subsequently be read and approved by the attendees. If any matter discussed is not recorded in the minutes, or is recorded incorrectly, any attendee may raise an objection in writing and request an amendment.
8. Similar principles should be observed for any group email exchanges or other online group discussions operated by DSB, including those pertaining to TAC matters.

We remind attendees that breaching Competition Law has serious potential consequences for them as individuals and their organizations. Such consequences may include heavy fines, liability to pay compensation to affected individuals and businesses and, in certain cases, the imposition of criminal penalties, director disqualification orders and disciplinary action.

Governance III of V - TAC Charter Update

TAC Charter Update

The TAC Charter was reviewed in the March TAC meeting. Feedback from the members was reflected in a revised version of the Charter which was subsequently reviewed and approved by the DSB Board on the March meeting.

The GUUG had requested a review of the TAC Charter with a view to ensuring that both of the DSB's two existing industry forums were well-positioned to consider matters relating to the UPI.

Feedback from the GUUG was received which was mainly around the regional jurisdiction of the TAC members given the global nature of the UPI and the fact that it would be required in some jurisdictions that did not mandate use of the ISIN. A further revision was produced and reviewed and approved by the DSB Board at the May meeting. We are currently waiting for feedback from the GUUG on this revision before finalizing the TAC's charter for a further term.

Governance IV of V - TAC Membership Update I of II

The TAC's Charter has been revised to include matters relating to the UPI in addition to the those relating to the OTC ISIN. There is a requirement to ensure the membership includes representation from the additional regional jurisdictions as detailed by the GUUG. As stated in the Charter, the DSB will undertake a further outreach to industry to invite any new applications for TAC membership.

In light of this, we would like to invite existing members to reapply for a further two-year term. In reapplying, members must also agree to abide with the competition law protocol which was recently included in the Charter.

The DSB will also undertake a further outreach to industry seeking additional requests for membership . Given this process will take a couple of months to complete, it is proposed that the revised Charter and Membership will be finalised with the DSB Board in time for the next TAC meeting on the 28th October 2020 and it is proposed that this meeting will mark the start of the new two-year term.

We would like to remind members that in line with the revised charter, where new membership applications are received the DSB will look to ensure a turnover of the existing membership to a maximum level of 25% of the current membership. Members of the TAC should contact the TAC secretariat if they become unable to participate actively in the TAC in order to find an acceptable solution. The DSB reserves the right to replace members who are not attending the TAC meetings and who are not deemed to be participating in the TAC discussion topics.

Governance V of V - TAC Membership Update II of II

Update regarding the TAC Chair

The Chair will provide a verbal update at the meeting.

Industry Consultation Introduction

DSB Industry Consultation

In responding to user feedback, the DSB has revised the approach to Industry Consultation with the ultimate objective of bringing forward the publication of user fees by two months. The revised approach contains a single outreach to industry and because of this we are holding a single TAC review meeting instead of the previous two meetings.

The objective of the meeting is to validate the DSB's assessment of the feedback received in relation to the technology-related questions in the consultation paper. This is with a view to providing guidance to the Board on the appropriate investment levels in technology and services in the 2021 budget cycle. The DSB's decision will be published in the final consultation report.

As described in the introduction of the consultation paper, 2020 has a reduced number of consultation questions. There are seven questions in total and this paper focuses on five of those questions which are deemed to be of relevance to the TAC.

The following slide summarises the remaining key milestones associated with the consultation process leading to the publication of the final consultation report.

Milestones

The DSB is currently undertaking a further industry consultation exercise, the timeline for this was published on Wednesday 4th March, the news article is available [here](#).

Key Milestones:

- 30 Apr 2020 Publication of DSB Consultation Paper (CP)
- 07 May 2020 Webinar
- 01 Jun 2020 Industry feedback on the CP
- **23 Jun 2020 TAC Industry Consultation Meeting**
- 01 Jul 2020 Final Consultation Report publication
- 10 Aug 2020 DSB 2021 draft Access & Usage Agreement (UA) publication
- 04 Sep 2020 Deadline for industry feedback on proposed UA changes
- 18 Sep 2020 DSB 2021 final UA publication
- 01 Oct 2020 User termination deadline
- 05 Oct 2020 Annual User fees for 2021 calculated
- 07 Oct 2020 User fees published

Topics under Consideration - Overview

The DSB conducted a single round of consultation on the 2021 User Agreement, and included technology related questions on:

- Functionality (3 questions)
- Service Availability (2 questions)

6 responses available at <https://www.anna-dsb.com/2021-service-provision-consultation/>:

- 2 trading venues (Bloomberg, 1 x Anonymous)
- 2 sell-side investment firms (2 x Anonymous)
- 2 trade associations (BVI, ISDA)

Topics under Consideration - Functionality

CP2 #	Topic	Response Summary	Proposed Next Steps
Q1	Structured Communication Format to Aid User Automation and Digitization	Fully supportive	Proceed via BAU
Q2	Create a new DSB User Type with “Search Only” API User	Majority supportive	Proceed (€78k Capex) Provide financial transparency
Q3	Provide One-Time Data Snapshots for Download	Majority supportive	Proceed (€210 Capex, €131 Opex) Provide financial transparency Review after 3 years

Topics under Consideration – Functionality

Question	Response Summary
<p>QI Structured Communication Format to Aid User Automation and Digitization</p> <p>Should the DSB introduce a structured communication format to improve users' operational efficiency? This would allow users to easily identify the nature of the notification and assign it to the appropriate internal team in an automated manner.</p> <p>Next step:</p>	<p><u>Comments For:</u></p> <ol style="list-style-type: none"> 1. Provided this does not require additional costs that would ultimately fall on the end user to recover, the DSB should utilize resources in a way that is most efficient for all. 2. Given the amount of DSB messaging we support a structured communication format to improve users' operational efficiency. 3. We generally agree though it is unlikely to increase our own operational efficiency. <p><u>Comments Against:</u> None</p> <p>Proceed</p>

Topics under Consideration – Functionality

Question	Response Summary
<p>Q2 Create a New DSB User Type with “Search Only” API User</p> <p>Should the DSB introduce the “Search-only API” type based on the details set out above, in order to enable a greater proportion of industry participants to utilize the DSB’s services in a more operationally efficient and scalable manner? Please note that any fees earned from this service would be used to offset the annual fees payable by existing DSB users.</p> <p>Next step:</p>	<p><u>Comments For:</u></p> <ol style="list-style-type: none"> 1. We support DSB introduce the “Search-only API” type in order to enable a greater proportion of industry participants to utilize the DSB’s services in a more operationally efficient and scalable manner. We expect no massive cannibalization effects within the API user group because of the split between “search only” and other. The situation, however, should be monitored going forward to achieve the envisaged cost benefits for the paying user base. 2. If there is sufficient demand for this service and, as indicated, providing the service requires a one-time cost – split over 3 years – it would make sense to provide the service. Can the DSB specify how many sign-ups are needed for the service to be break even? 3. We generally agree though we would underline this be done in a cost-effective manner. While the introduction of a new user type makes sense, we hope this will not negatively impact those few entities required to create ISINs via API and who are thereby required to remain power users. <p><u>Comments Against:</u></p> <ol style="list-style-type: none"> 1. To the extent the costs of implementing this “Search-only API” are to be spread across the user base our position is no. The cost of creating a new user type should be borne by the users requiring that service. It should not become an additional cost that is spread across the user base. <p>Proceed but review thresholds to minimize cannibalization risk. Calculate the number of users required to recover the build cost of the service.</p>

Topics under Consideration – Functionality

Question	Response Summary
<p>Q3 Provide One-Time Data Snapshots for Download</p> <p>Should the DSB introduce a snapshot data provision service within the cost recovery ringfence, with any fees from the provision of such a service used to offset the fees payable by all other DSB users?</p> <p>Next step:</p>	<p><u>Comments For:</u></p> <ol style="list-style-type: none"> 1. We would not need, but no objection in provisioning of this service. 2. We support the DSB introduce a snapshot data provision service within the cost recovery ringfence to improve service for specific use s interested in such dedicated service.We agree, that cost recovery for the additional service will apply to achieve the envisaged cost benefits for the paying user base. 3. If the DSB determines there if sufficient demand to cover the cost of developoment and the ongoing yearly operations cost for this service, it should develop the service. The service should sustain itself i.e. the fees from the service should cover the capex of €210k and the yearly Opex of €131k. If this is not the case after a period of for example 3 years, the DSB should re-evaluate further support for the service. Any excess fees received for this service should be used to offset the fees payable by all DSB users. Can the DSB specify how many sign-ups will be needed for the service to be break even? <p><u>Comments Against:</u></p> <ol style="list-style-type: none"> 1. No, there is a significant cost associated with the implementation of this service and it is unclear as to whether the demand is high enough to offset those costs such that the user based is not impacted by the overall increase. <p>Proceed - review after 3 years' of service. Calculate usage volumes of the service required to recover the build & run costs.</p>

Topics under Consideration – Service Availability

CP2 #	Topic	Response Summary	Proposed Next Steps
Q5	Multi-Cloud Configuration	Majority supportive	Proceed with Analysis (€200k Capex) Clarify UPI/ISIN cost allocation
Q6	Single Active Region Risk Assessment	Majority supportive	Proceed with Analysis (€116K Capex) Clarify UPI/ISIN cost allocation

Topics under Consideration – Service Availability

Question	Response Summary
<p>Q5 Multi-Cloud Configuration</p> <p>Should the DSB perform a risk assessment on the current single cloud operations, together with a cost-benefit analysis of a potential move to a multi-cloud architecture?</p> <p>Next step:</p>	<p><u>Comments For:</u></p> <ol style="list-style-type: none"> 1. We support DSB to perform a risk assessment on the current single cloud operations, together with a cost-benefit analysis of a potential move to a multi-cloud architecture, if this is supported by the regulatory community to implement UPI on a global scale. 2. Yes, we support undertaking a risk assessment of the current single cloud operations together with a cost-benefit analysis of a potential move to a multi-cloud architecture. The risk assessment and cost-benefit analysis is proposed in the context of ISIN generation, which we support. The risk assessment and cost-benefit analysis will be equally, if not more relevant in the context of the DSB as issuer of the UPI as the UPI is expected to become a key reporting field in multiple jurisdictions across the globe. Can the DSB specify how they see the cost allocation happen across ISIN and UPI for this kind of work that will potentially benefit both standards? 3. We support DSB undertaking the analysis in 2021. However before proceeding, a clear risk to the services based on the use of one cloud provider should be defined and the option of a multi-cloud strategy an obvious mitigation. <p><u>Comments Against:</u></p> <ol style="list-style-type: none"> 1. It is unclear how the €200K estimated costs will be apportioned. Additionally, our position is that the DSB should already be taking steps to ensure they are keeping up with best practices regarding their operations within the existing cost structure. <p>Proceed with analysis and provide clarity on the UPI/ISIN cost allocation.</p>

Topics under Consideration – Service Availability

Question	Response Summary
<p>Q6 Single Active Region Risk Assessment</p> <p>Should the DSB perform a risk assessment of its existing model of global connectivity from a single active geographical region, plus analysis of the costs and benefits of mitigating the identified risks?</p> <p>Next step:</p>	<p><u>Comments For:</u></p> <ol style="list-style-type: none"> 1. We support to perform a risk assessment of its existing model of global connectivity from a single active geographical region, plus analysis of the costs and benefits of mitigating the identified risks, if this is supported by the regulatory community to implement UPI on a global scale. 2. We support a risk assessment of the current technology set up and the potential need to move towards a multi-region connectivity model with regional primary sites in light of the DSB’s role of UPI service provider and the expected further increase and geographic dispersion of its users. Similar to the point raised in the previous question, we would like to understand how the DSB plans to allocate cost across ISIN and UPI for projects that would benefit both standards. While the cost recovery model for UPI is not yet known it is expected that there will be overlap in the user base of both standards but they will not be identical hence a different cost recovery basis is likely. 3. There are multiple aspects to the risk of operating in a single region, such as reliability of communication providers, latency for those customers not in the region, dependency on a single datacentre provider and each should be understood clearly from the beginning. In addition, we would like to understand how much of this request comes from DSB as a UPI provider vs DSB as an ISIN provider. The single geographical connectivity option has been sufficient so far. <p><u>Comments Against:</u></p> <ol style="list-style-type: none"> 1. Our position is the DSB should already have assessed the risk of continuing under a single active geographical region as part of operational best practices within the existing cost structure. It is unclear what the €116K cost is for and how it will be apportioned. <p>Proceed with analysis and provide clarity on the UPI/ISIN cost allocation.</p>

AOB

- TAC information: <https://www.anna-dsb.com/technology-advisory-committee/>

Appendices

- A - TAC Members
- B - 2020 Meeting Schedule

Appendix A - TAC Committee Members

Institution	Category	First Name	Last Name	Position / Title
Citigroup	SI	Souvik	Deb	VP, Regulatory Reform
Credit Suisse	SI	Prem	Ananthakrishnan	IT
HSBC	SI	James	Cowie	GFI Regulatory Reporting Manager
JP Morgan	SI	Nadav	Krispin	VP, Software Engineering
Lloyds Bank	SI	Stephen	Pond	FI E-Trading & Rates Pricing Dev Manager
Morgan Stanley	SI	Shari	Lines	Financial Instrument Ref Data Architect
Rabobank	SI	James	Brown	Delivery Manager, IT Systems
SEB	SI	Henrik	Martensson	Markets CTO Office
Standard Chartered Bank	SI	Andrew	Poulter	Sabre Development Manager
State Street Bank	SI	Kimberly	Cohen	MD - Business Technology Solutions
UBS	SI	Tony	Chau	IB CTO for Regulatory Initiatives
BGC Partners	TV	Jimmy	Chen	Development Manager
Bloomberg LP	TV	Chris	Pulsifer	Software Development Manager
Nex	TV	Ziv	Yankowitz	VP - Research and Development
State Street FX Connect	TV	Rajkamal	Roka	Head of FX Regulatory Product
Thomson Reuters MTF	TV	Zintis	Rullis	Senior Technical Specialist
Tradeweb	TV	Elodie	Cany	Director, Technology Product Development
Asset Control	Other Industry	Martijn	Groot	VP - Product Management
SIX Group Services AG	Other Industry	Kamal	Singh	Senior Architect
SmartStream	Other Industry	Rocky	Martinez	CTO
Thomson Reuters Data	Other Industry	David	Bull	Head of FI Content Management
BVI	Other Industry	Felix	Ertl	VP, Legal
EFAMA	Other Industry	Vincent	Dessard	Senior Policy Advisor
FIX	Other Industry	Lisa	Taikitsadaporn	FIX Global Technical Committee
Investment Association	Other Industry	David	Broadway	Investment Operations Lead
ISDA	Other Industry	Karel	Engelen	Senior Director
Independent Expert	Other Industry	Jim	Northey	ex officio as ISO TC 68 Chair Elect

Observers

Organisation	Name	Position / Title
CFTC	Robert Stowsky	IT Specialist
ESMA	Olga Petrenko	Senior Officer, Markets
FCA	Paul Everson	Senior Associate – Market Oversight
JSDA	Eiichiro Fukase	General Manager

DSB Sponsor:

Marc Honegger
DSB Board Member

Chair:

David Broadway
Investment Association

Designated DSB Officer:

Sassan Danesh
DSB Management Team

DSB TAC Secretariat:

Andy Hughes
DSB Management Team

Yuval Cohen
DSB Technical Architect

Appendix B - TAC Meeting Schedule

The following shows the TAC meeting dates & times:

Wednesday 4th March 2020

1pm GMT (1pm UTC, 2pm CET, 8am EST)

Tuesday 23rd June 2020

1pm BST (12pm UTC, 2pm CET, 8am EST)

Wednesday 28th October 2020

1pm GMT (1pm UTC, 2pm CET, 9am EST)