

# DERIVATIVES SERVICE BUREAU

TECHNOLOGY ADVISORY COMMITTEE

INDUSTRY CONSULTATION 2022 FOR THE 2023 SERVICE PROVISION

22 June 2022

MEMBER FINAL

# Agenda

- **Governance**
  - Competition Law Reminder
  - Roll call
  - HAP
  - TAC Charter
  
- **Industry Consultation**
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  - Milestones
  
- **Technology Topics Under Consideration**
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  - Q2 – Technology Controls :Tools
  - Q5 - Removal of VPN Connectivity from Cost Recovery
  
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## 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 – Roll Call

The DDO will undertake the roll call.

## Governance IV of V – HAP

### **Current Status**

- At the last TAC meeting the TAC agreed to extend the Heightened Awareness Period (HAP) until the end of Q2 due to:
  - Significant market volatility
  - Concerns regarding cyber security
- The TAC agreed to revisit the topic again during the June meeting
- The current HAP ends on Sunday 3<sup>rd</sup> July 2022
- The DSB is seeking the TAC's views on what action to take at the end of this HAP period

## Governance V of V – TAC Charter

### **Current Status**

- The TAC Charter will complete its second two-year term in October 2022
- The proposal is to extend the Charter for a further two-year term from the meeting on the 26<sup>th</sup> October 2022
- This new Charter term will oversee both the changes to the OTC ISIN and the introduction of the UPI service
- The current TAC Charter can be accessed [here](#)<sup>1</sup> on the DSB's website

### **Next Steps**

- A new bulletin board topic has been created [here](#)<sup>2</sup> to capture any proposed changes to the Charter
- Members are requested to provide any feedback no later than cob Friday 9<sup>th</sup> September 2022
- The DSB will undertake a further outreach to industry for new requests for TAC membership
- Any changes to the Charter and the TAC membership will be presented to the DSB Board for review and approval on Thursday 29<sup>th</sup> September 2022

<sup>1</sup><https://www.anna-dsb.com/download/technology-advisory-committee-charter/>

<sup>2</sup><https://www.anna-dsb.com/bulletin-board/tac-forum/tac-charter-amendments-for-the-2022-to-2024-term/>

# Industry Consultation - Introduction

## **DSB 2022 OTC ISIN Industry Consultation for the 2023 Service Provision**

This year the DSB received one response from industry by the feedback deadline and one further response was received after the deadline has passed. The responses can be viewed [here](#)<sup>3</sup>.

The questions are important to the future of the DSB and so the DSB is once again seeking the TAC's guidance on how to proceed given the low amount of feedback received to the consultation questions.



# Industry Consultation - Milestones

The DSB is currently undertaking its annual OTC ISIN Industry Consultation exercise, the timeline for this was published on Wednesday 2<sup>nd</sup> March, the news article is available [here](#)<sup>4</sup>.

## Key Milestones:

- \*12 Apr 2022 DSB 2023 draft Access & Usage Agreement (UA) publication
- 29 Apr 2022 Publication of DSB OTC ISIN and CFI Consultation Paper (CP)
- 11 May 2022 Webinar
- 30 May 2022 Industry feedback on the CP
- **22 Jun 2022 TAC Industry Consultation Meeting**
- 30 Jun 2022 Final Consultation Report publication
- 02 Sep 2022 Deadline for industry feedback on proposed UA changes
- 28 Sep 2022 DSB 2023 final UA publication
- 30 Sep 2022 User termination deadline
- 03 Oct 2022 Annual User fees for 2023 calculated
- 05 Oct 2022 2023 User fees published

<sup>4</sup><https://www.anna-dsb.com/download/2022-03-02-notification-the-derivatives-service-bureau-announces-timeline-for-2022-otc-isin-consultation/>

\*Note that the publication of the draft DSB 2023 Access & Usage Agreement (UA) is much earlier this year as the UA has been updated for the UPI.

## Technology Topics under Consideration I of VII – Overview

The 2022 OTC ISIN Industry Consultation for the 2023 Service Provision contained the following technology-related questions. The table below summarises the questions along with the DSB’s proposed approach for consideration by the TAC:

CPI #	Topic	Proposed Next Steps
Q1	Global Agile Architecture	Proceed (€625k Opex in 2023, €625k in 2024)
Q2	Technology Controls – Tools	Proceed (€155k Opex)
Q5	Removal of VPN Connectivity from Cost Recovery	Proceed (35k Opex annual saving)

*Please note: Questions 3 and 4 were product related and were reviewed by the Product Committee prior to being included in this year's questions.*

# Technology Topics under Consideration II of VII – Q1 I of II

Question	Supporting Information
<p><b>Q1 Global Agile Architecture</b></p> <p>The DSB is proposing to progress with the recommendations of the Technology Advisory Committee’s Cloud Architecture Subcommittee by undertaking a two-year programme of work under the governance of the TAC.</p> <p>Should the DSB progress the TAC CASC recommendations to enhance the DSB’s operational processes? The activity would be governed by the TAC and last for an initial period of two years, subject to review by the TAC.</p>	<p>In 2021 the DSB and the TAC undertook two pieces of analysis as part of the 2020 Industry Consultation exercise. These questions related to the DSB’s use of the cloud to implement its infrastructure and whether the DSB should consider moving to multiple cloud providers and/or multiple active regions. The analysis was overseen by a new subcommittee formed from the existing TAC members which is named the Cloud Architecture Subcommittee (CASC).</p> <p>The TAC CASC produced six recommendations for the DSB to improve on its operational processes as a pre-requisite to these options or other possible solutions. The six recommendations are:</p> <ol style="list-style-type: none"><li>1. Agility</li><li>2. People</li><li>3. Process</li><li>4. Immutable Infrastructure (Cattle not pets)</li><li>5. Continuous Integration / Continuous Deployment</li><li>6. Connectivity</li></ol> <p>The TAC CASC recommendations were presented to the full TAC membership in April 2022 who approved the recommendations and requested incorporating this question into this industry consultation paper.</p>

# Technology Topics under Consideration III of VII – Q2 II of II

Cost Estimates	Next Steps
<p>Opex: €625k</p> <p>Impact on DSB total costs:</p> <p>2023 = €625K</p> <p>2024 = €625K</p> <p>2025 None</p>	<ul style="list-style-type: none"> <li>• June to October 2022 - Review the TAC’s charter to ensure that the TAC’s governance and oversight of the Global Agile Architecture (GAA) is referenced in the TAC’s Charter for the upcoming two-year term (starting October 2022)</li> <li>• Include the GAA as an agenda item for discussion at the October 2022 TAC meeting:               <ul style="list-style-type: none"> <li>• Review the TAC’s governance and oversight of this project</li> <li>• Agree the frequency of review meetings</li> <li>• Agree the priority of the items to be progressed from January 2023</li> </ul> </li> </ul>

***TAC Question: Do the TAC recommend the inclusion of this item in the 2023 OTC ISIN service proposition to the DSB Board?***

# Technology Topics under Consideration IV of VII – Q2 I of II

Question	Supporting Information
<p><b>Q2 Technology Controls : Tools</b></p> <p>The DSB is proposing to work with the TAC to undertake a detailed review of its enterprise tooling estate, to create a proposal to the TAC on how to mitigate cyber and operational risks by strengthening controls and improving visibility, automation and transparency.</p> <p>Should the DSB perform a review of the current toolset in order to propose to the TAC options to strengthen its controls and improve visibility, automation and transparency?</p>	<p>The DSB previously submitted the request to review tooling as question 3 of 2021 Consultation process. Although there was no negative feedback this question was deferred for one year due to the large amount of work already planned.</p> <p>The DSB would like to re-submit this question due to the increased focus on controls with regard the ongoing situation in Ukraine and the resulting increased cyber-threat to critical market infrastructures.</p> <p>The DSB is proposing to carry out a detailed review of its Enterprise tooling estate to understand how risks can be better mitigated by improving visibility, automation and transparency. Controls should be multi-layered and predominantly fall into the following categories:</p> <ol style="list-style-type: none"> <li>1. Directive – <i>Written user guidance on what should and should not be done</i></li> <li>2. Preventative – <i>Technology controls that restrict what a user can do</i></li> <li>3. Detective – <i>Manage and monitor controls 1 &amp; 2 to ensure policy is adhered to</i></li> </ol> <p>This Consultation question focuses on options 2 &amp; 3 above, Preventative and Detective.</p> <p>The review will aim to cover the entire technology lifecycle as depicted by the above diagram.</p> <div data-bbox="1911 642 2420 1028" style="text-align: right;"> <pre> graph TD     Collaborate --&gt; Build     Build --&gt; Test     Test --&gt; Deploy     Deploy --&gt; Run     Run --&gt; Collaborate             </pre> </div>

# Technology Topics under Consideration V of VII – Q2 II of II

Cost Estimates	Next Steps
Opex: €155k  Impact on DSB total costs: 2023 = €155K 2024 onwards None	<ul style="list-style-type: none"><li>• Produce a Terms of Reference and share with the TAC ahead of the October 2022 meeting</li><li>• Work with the TAC to:<ul style="list-style-type: none"><li>• Review current toolsets and understand if and how these tools and associated processes can be optimised to support increased operational controls, automation and visibility</li><li>• Provide a risk-based assessment of our existing detective control tools and propose and changes and improvements where required</li><li>• Provide a cost benefit analysis associated with any proposed change</li></ul></li></ul>

***TAC Question: Do the TAC recommend the inclusion of this item in the 2023 OTC ISIN service proposition to the DSB Board?***

# Technology Topics under Consideration VI of VII – Q5 I of II

Question	Supporting Information
<p><b>Q5 Removal of VPN Connectivity from Cost Recovery</b></p> <p>The DSB is proposing to remove VPN connectivity from the cost recovery ring fence and make this an option commercial service from 2023.</p> <p>Should the DSB remove the VPN connectivity option from the Cost Recovery model and instead make it an optional commercial service?</p>	<p>The DSB has seen a significant reduction in the number of users connecting to the OTC ISIN Service via Virtual Private Network (VPN) connectivity. There are currently two organisations connecting to Production via this option. However, all DSB users are contributing to the cost of this connectivity option because it is within the DSB's cost recovery ring-fence. There are currently 72 organisations programmatically connecting to the DSB, of these, 2 are connected via VPN.</p> <p>The DSB already offers an optional connectivity service for users who wish to connect to the <a href="#">DSB's API service via BT Radianz</a><sup>5</sup>. Existing DSB users do not contribute to the costs of providing the BT Radianz service because it is not within the DSB's cost recovery ring-fence. The DSB proposes to follow the same model for VPN connectivity. This way only the users that require the service would pay for it.</p> <p>The DSB would undertake this migration from its existing resourcing and therefore the full cost saving of €35K p.a. associated with this re-classification can be passed to DSB's users.</p>

<sup>5</sup><https://www.anna-dsb.com/download/dsb-bt-radianz-connectivity-service/>

## Technology Topics under Consideration VII of VII – Q5 II of II

Cost Estimates	Next Steps
<p>The changes would be undertaken with existing resources and would result in a reduction of €35K in operating costs each year from 2023 onwards.</p>	<ul style="list-style-type: none"> <li>• The DSB will reclassify the optional VPN connectivity solution from cost recovery to a commercial service with effect from 01/01/2023.</li> <li>• The DSB will work directly with the 4 users who will be impacted in H2 2022.</li> </ul>

***TAC Question: Do the TAC recommend the inclusion of this item in the 2023 OTC ISIN service proposition to the DSB Board?***



# AOB

## Further TAC Information:

- Website: <https://www.anna-dsb.com/technology-advisory-committee/>  
Members: <https://www.anna-dsb.com/technology-advisory-committee-members/>  
Charter: <https://www.anna-dsb.com/download/technology-advisory-committee-charter/>

# Appendices

- A – TAC Committee Members
- B – TAC Meeting Schedule

## Appendix A - TAC Committee Members

Institution	Category	First Name	Last Name	Position / Title
Asset Control	Industry	Martijn	Groot	VP, Marketing and Strategy
Bloomberg	Industry	Chris	Pulsifer	Software Development Manager
BVI	Industry	Felix	Ertl	VP, Legal
CFETS	Industry	Yan	Hui	RMB Derivatives Research & Development Manager
CFMMC	Industry	Huang	Lu	IT & Senior Economist
Citigroup	Industry	Souvik	Deb	VP, Regulatory Reform
CSIS	Industry	Billy	Chen	Monitoring Centre Director
Deutsche Bank AG	Industry	Amit	Bairagi	Product Owner
DTCC	Industry	Warren	Rubin	Director, Repository and Derivatives Services
FIX	Industry	Lisa	Taikitsadaporn	FIX Global Technical Committee
HSBC	Industry	James	Cowie	Americas Product Owner - Regulatory Reporting
Independent Expert	Industry	James	McGovern	Enterprise Architect & Security Leader
Independent Expert	Industry	Jim	Northey	ex officio as ISO TC 68 Chair Elect
ISDA	Industry	Ian	Sloyan	Head of Data & Digital Solutions
JP Morgan	Industry	Atara	Sender-Stein	VP, Software Engineering
LSEG	Industry	Niteen	Shastri	Assistant Vice President - Enterprise Content Technology - Shared Technology
Morgan Stanley	Industry	Bharat	Kanase	Vice President, Technology
Rabobank	Industry	James	Brown	Delivery Manager, IT Systems
SEB	Industry	Torbjörn	Cronbladh	Market Data Specialist and Product Owner
SIX Group Services AG	Industry	Richard	Gee	Head of Product Provisioning and Delivery
SmartStream	Industry	Rocky	Martinez	CTO
Standard Chartered Bank	Industry	Anthony	Brennan	Data Solutions Lead
State Street Bank	Industry	William	Rodiger	MD - Business Technology Solutions
Tahoe Blue Ltd	Industry	Jefferson	Braswell	Founding Partner
UBS	Industry	James	Colquhoun	Market Regulation Domain Architect
BGC Partners	TV	Jimmy	Chen	Development Manager
Refinitiv MTF	TV	Zintis	Rullis	Senior Technical Specialist
State Street FX Connect	TV	Rajkamal	Roka	Head of FX Regulatory Reform
Tradeweb	TV	Elodie	Cany	Director, Technology Product Development

## 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	Counsellor to the Chairman (for Fintech, Financial Products and Global Regulation)

DSB TAC Sponsor: Marc Honegger  
DSB Board Member

DSB TAC Chair: Chris Pulsifer  
Bloomberg

Designated DSB Officer: Andy Hughes  
DSB Management Team

DSB CISO: Will Palmer  
DSB Management Team

DSB TAC Secretariat: Tom Smith  
DSB Project Manager

Yuval Cohen  
DSB Technical Architect

## Appendix B - TAC Meeting Schedule

The following shows the TAC meeting dates & times:

Date	Description	Time
Wednesday 23 <sup>rd</sup> March 2022	2022 Meeting 1	1pm GMT (1pm UTC, 2pm CET, 9am EDT)
Wednesday 20 <sup>th</sup> April 2022	2022 Strategy Meeting	1pm BST (12pm UTC, 2pm CET, 8am EDT)
<b>Wednesday 22<sup>nd</sup> June 2022</b>	<b>2022 Industry Consultation</b>	<b>1pm BST (12pm UTC, 2pm CET, 8am EST)</b>
Wednesday 26 <sup>th</sup> October 2022	2022 Meeting 2	1pm BST (12pm UTC, 2pm CET, 8am EDT)