

DERIVATIVES SERVICE BUREAU

TECHNOLOGY ADVISORY COMMITTEE

INDUSTRY CONSULTATION 2023 FOR THE 2024 SERVICE PROVISION

21 June 2023

MEMBER FINAL

Agenda

- **Governance**
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 - Roll call
- **Industry Consultation**
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Governance I of III - 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 III - 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 III – Roll Call

The DDO will undertake the roll call.

Industry Consultation - Introduction

DSB 2023 OTC ISIN Industry Consultation for the 2024 Service Provision

This year the DSB received six responses from industry by the feedback deadline, including feedback from two Trade Associations.

The responses can be viewed on the [DSB website](#)¹.

¹<https://www.anna-dsb.com/2024-otc-isin-and-cfi-service-provision-consultation/>

Industry Consultation - Milestones

The DSB is currently undertaking its annual OTC ISIN Industry Consultation exercise, the consultation timeline was published on Monday 27 March 2023, the news article is available [here](#)².

Key Milestones:

- 28 Apr 2023 Publication of DSB OTC ISIN and CFO Consultation Paper (CP)
- 09 May 2023 Webinar
- 31 May 2023 Closing date for stakeholder feedback on the CP
- **21 Jun 2023 TAC Industry Consultation Meeting**
- 30 Jun 2023 Industry Consultation Final Report publication
- 02 Oct 2023 User termination deadline
- 04 Oct 2023 Annual User fees for 2024 calculated
- 06 Oct 2023 2024 User fees published

²<https://www.anna-dsb.com/2023/03/28/the-derivatives-service-bureau-announces-timeline-for-2023-otc-isin-consultation/>

Technology Topics under Consideration I of X – Overview

The 2023 OTC ISIN Industry Consultation for the 2024 Service Provision contained 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	Security Operations Centre	Further discussion required.
Q2	Proprietary Index Workflow	Do not automate the process. Progress any process changes to achieve the current SLA. Review UPI implementation of alternate underliers for future consideration for OTC ISIN consultation.
Q3	Release Process	Proceed under BAU. TAC thoughts required on additional user feedback.

Technology Topics under Consideration II of X – QI I of III

Question	Supporting Information
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QI Security Operations Centre

QI: Should the DSB progress with the deployment of a Security Operations Centre with the preferred delivery option being recommended by the TAC?

As part of the 2022 industry consultation exercise the DSB undertook an investigation into what it would take to implement a Security Operations Centre (SOC). As part of this investigation the DSB conducted a Request for Proposal (RFP) process and reached out to five vendors who offered managed SOC services. Unfortunately, the DSB only received a single response which has prevented the DSB from comparing the quote received.

Given the lack of responses, the DSB has investigated an alternative option to introduce Security Incident Event Management (SIEM) Tooling under the umbrella of the existing MSP support function. The two options are presented below:

Option	Description	6 Month Build Cost (CAPEX)*	12 Month Run Cost (OPEX)*
3rd Party SOC	Outsourced 24x7 SOC, SIEM and security triage	€458.8k	€1,007.5k
DSB SOC	Enhance existing 24 x 7 DSB support team with additional SIEM tooling and security resource	€327.5k	€870k

Both SOC options require an increase in DSB resource as the SOC vendor will not provide root cause analysis or remediation on a security incident.

Technology Topics under Consideration III of X – QI II of III

Question I	Response Summary
<p>QI. Should the DSB progress with the deployment of a Security Operations Centre with the preferred delivery option being recommended by the TAC?</p>	<p>Comments For</p> <ul style="list-style-type: none"> • We agree with the DSB approach and will provide feedback between options through the TAC consultation • We agree DSB should progress with appropriate Security Controls / Security operations Centre. We cannot comment on preferred delivery option as unclear how the stated CAPEX and OPEX figures impact industry users/user fees. (cont. in against argument II) • Security operations should be a part of the DSB’s daily operations. To the extent enhancements are required in order to ensure appropriate security procedures are implemented we would prefer the DSB leverage existing support to avoid excessive costs. <p>Comments Against</p> <ul style="list-style-type: none"> • We do not support the progression towards a Security Operations Centre via either option proposed. Both options essentially add over EUR 1mm per year to the total costs, or approximately 10% to the overall operating expenditure. However, the consultation notes that, “feedback has been that the DSB has been operating an appropriate level of security”. In our view the risks, principally cyber threats, could be better mitigated at much lower costs in other ways, whilst the likely availability of countervailing technology over the forecast period will likely become both more effective and more economical • (II) We cannot comment on preferred delivery option as unclear how the stated CAPEX and OPEX figures impact industry users/user fees

Technology Topics under Consideration IV of X – Q1 III of III

Cost Estimates	Next Steps									
<p>3rd Party SOC: Capex: €459k (€115k from 2025 thru 2028) Opex: €1008k (€504k in 2024, €1008k 2025 onwards)</p> <p>DSB SOC: Capex: €328k (€82k from 2025 thru 2028) Opex: €870k (€435k in 2024, €870k 2025 onwards)</p>	<ul style="list-style-type: none"> Feedback suggests industry support for the introduction of a SOC, with the TAC engaged to review the options. However, this is offset against concerns around increased costs. To provide the TAC with a view of possible cost increases, the table opposite shows the percentage % increase from the two options – the calculations are based on the forecasted Opex figure for 2024. <table border="1" data-bbox="1880 464 2331 582"> <thead> <tr> <th>Option</th> <th>2024</th> <th>2025</th> </tr> </thead> <tbody> <tr> <td>3rd Party SOC</td> <td>5.2%</td> <td>11.6%</td> </tr> <tr> <td>DSB SOC</td> <td>4.5%</td> <td>9.9%</td> </tr> </tbody> </table> <p><i>It should be noted that the consultation question proposed that the OPEX costs for the SOC will be included within the expected scope for synergies and shared costs between the UPI service and the OTC ISIN service, and what an appropriate cost allocation policy would be*.</i></p> <ul style="list-style-type: none"> There was also the reference to the consultation question which stated that: “the DSB has been operating at an appropriate level of security” However, the industry consultation question also stated: “However, industry and regulators are expecting more of critical service suppliers with regards to cybersecurity and operational resilience.” Two examples of the increased focus were also provided. <p><i>*To ensure that the fee model remains fit-for-purpose, the DSB has committed to conducting a further industry consultation approximately two years after the UPI Service launch (16 October 2023) which will allow for user interactions to be factored into the approach to be taken forward.</i></p>	Option	2024	2025	3rd Party SOC	5.2%	11.6%	DSB SOC	4.5%	9.9%
Option	2024	2025								
3rd Party SOC	5.2%	11.6%								
DSB SOC	4.5%	9.9%								

Technology Topics under Consideration V of X – Q2 I of III

Question	Supporting Information
<p>Q2 Proprietary Index Workflow</p> <p>Q2.1 Is the current Proprietary Index process fit for purpose?</p> <p>If no, then please answer questions 2.2 and 2.3 below:</p> <p>Q2.2 If the Proprietary Index process is not fit for purpose, what issues have you encountered with the process and what impact have these caused to your organisation?</p> <p>Q2.3 Do you have any suggestions as to how the Proprietary Index process could be improved?</p>	<p>The DSB’s Proprietary Index workflow was developed in collaboration with industry and is designed to allow fee-paying users of the DSB OTC ISIN Service to submit proprietary indices that are to be used as an underlying for OTC derivative instruments.</p> <p>As part of the DSB’s 2019 Industry Consultation process, stakeholders were asked several questions about the Proprietary Index process. The DSB took an action to undertake further analysis to determine the effort required to automate the process. Having undertaken this analysis in 2020, the DSB concluded that size of the investment required could not be justified given the infrequent nature of the Proprietary Index submissions into the DSB.</p> <p>More recently, the DSB has noticed an increase in the number of Proprietary Index submissions being made to the DSB. The process remains based around email requests which are processed manually by the DSB. As a result, there have been occasions when the requests have been impacted by delayed processing. The revisiting of this topic seeks to obtain feedback on the importance of this process to the users of the service, and to understand if there are ways the service can be improved.</p> <p>Further information on the DSB’s Proprietary Index workflow can be found at: https://www.anna-dsb.com/proprietary-indexes/</p>

Technology Topics under Consideration VI of X – Q2 II of III

Question 2	Response Summary
<p>Q2.1 Is the current Proprietary Index process fit for purpose?</p>	<ul style="list-style-type: none"> Improvements could be made to (i) reduce the risk of Proprietary Index data being incorrect and/or out of date and (ii) reduce the processing time of creating an ISIN for Proprietary Index's. <ul style="list-style-type: none"> As noted in the consultation paper, the current process is a manual one and this increases the chance of user error. For example, the underliers of an index may change and it is expected that such changes are communicated to the DSB. However, due to the process for Proprietary Index's being manually carried out over email, there is a risk that such changes are incorrectly represented, updates are not made in a timely fashion, or the changes are not communicated at all. Currently not being used by organisations therefore cannot comment if the Proprietary Index process is fit for purpose.
<p>Q2.2 If the Proprietary Index process is not fit for purpose, what issues have you encountered with the process and what impact have these caused to your organisation?</p>	<ul style="list-style-type: none"> As indicated, delays in processing manual set up can occur thus causing regulatory reporting impact (failure/delay to reporting) An API service for Proprietary Index's would allow for the removal of the manual interaction element and users can transfer to a fully automated service, thereby addressing the concerns raised above
<p>Q2.3 Do you have any suggestions as to how the Proprietary Index process could be improved?</p>	<ul style="list-style-type: none"> The current process requires users to complete the form for a Proprietary Index, including the name of the Index, at which point the DSB checks whether the index name already exists before informing user accordingly. Where no ISIN already exists, the user would then request the creation of an ISIN. We believe this process can be simplified by enabling users to provide the proprietary index details as part of the ISIN creation process, rather than two-step process. This could be achieved as part of an automated API service as mentioned above. These two changes to the Proprietary Index process would speed up the creation of ISINs and reduce the risk of incorrect or stale data being reflected. Whether the decision is taken to automate the process or not, we would in any event encourage the DSB to support a wider range of identifiers for all indices which may be referenced as underliers to financial products. This would include supporting the use of the Financial Instrument Global Identifier (FIGI) as part of the data for submissions (where applicable) for all types of indexes maintained by the DSB. This will help with data quality generally in our view.

Technology Topics under Consideration VII of X – Q2 III of III

Cost Estimates	Next Steps
<p>The changes would be undertaken as part of BAU.</p>	<ul style="list-style-type: none"> • The Proprietary Index workflow is used in low volumes (21 unique requests so far in 2023) • Automating the Proprietary Index process would require significant investment for a service used by only 4 of 129 users and the consultation responses do not support this change. • The DSB proposes the following BAU changes to the workflow to alleviate any delays: <ul style="list-style-type: none"> • Locking the formatting on the Excel form to ensure that information is correctly submitted by users (which currently leads to delays) • Addition of internal Excel macros to automate any manual processes • Review of the existing team configuration to improve turnaround time • Extending the Tech Support deadline from 12pm to 4pm UTC • Regarding the following feedback: <p><i>“Whether the decision is taken to automate the process or not, we would in any event encourage the DSB to support a wider range of identifiers for all indices which may be referenced as underliers to financial products. This would include supporting the use of the Financial Instrument Global Identifier (FIGI) as part of the data for submissions (where applicable) for all types of indexes maintained by the DSB. This will help with data quality generally in our view.”</i></p> <p>On the broader approach to index underliers, the DSB is committed to look at a strategic solution after the launch of the UPI.</p>

Technology Topics under Consideration VIII of X – Q3 III of III

Question	Supporting Information
<p>Q3 DSB Release Process</p> <p>Q3.1 Do you agree with the proposed improvements to the DSB release process as defined in the supporting information?</p> <p>Q3.2 Do you have any other suggestions as to how the DSB can improve its release process to avoid the need for last minute deferral requests?</p>	<p>In advance of each of the last three releases to the Production Environment, the DSB has received a postponement request, each from an individual user. All three requests were received very close to the production implementation date requiring escalation to the DSB Management Team and the TAC. The DSB has been unable to support the release postponement requests as the postponement would impact other users who have undergone preparations to implement the release as scheduled, as well as the need to keep the DSB’s release schedule on track.</p> <p>The TAC was also asked to review the DSB’s notice period for change and were happy for the DSB to remain with the current notice periods.</p> <p>Industry is asked if they support the proposed improvements to the technical release process to mitigate the recent issues experienced by users.</p> <p><u>Proposed Improvements:</u></p> <ul style="list-style-type: none"> • Publish draft JSON templates with the draft documentation • Show any changes made between the draft and final versions of the documentation • Ensure releases with breaking changes are clearly marked • Email notifications to clearly identify breaking changes

Technology Topics under Consideration IX of X – Q3 II of III

Question 3	Response Summary
<p>Q3.1 Do you agree with the proposed improvements to the DSB release process as defined in the supporting information?</p>	<p>Comments For:</p> <ul style="list-style-type: none"> • We strongly agree with all these improvements. It is worth noting that we have found multiple discrepancies between JSON and documentation, and often the links for documentation on the ANNA DSB homepage for ISIN & UPI are incorrectly reversed. We have also found discrepancies between what is published in UAT 3 gitlab env and on the website. • Yes, we fully support the proposed improvements to the DSB release process as set out. • Agree • We agree with the proposed improvements of the DSB release process <p>Comments Against:</p> <ul style="list-style-type: none"> • None
<p>Q3.2 Do you have any other suggestions as to how the DSB can improve its release process to avoid the need for last minute deferral requests?</p>	<ul style="list-style-type: none"> • In light of these changes, we would simply support a moratorium on any last-minute deferral requests after a defined cut off point to be stated in the user terms

Technology Topics under Consideration X of X – Q3 III of III

Cost Estimates	Next Steps
<p>The changes would be undertaken as part of BAU.</p>	<p>DSB to undertake the following improvements under BAU:</p> <ul style="list-style-type: none"> • Publish draft JSON templates with the draft documentation • Show any changes made between the draft and final versions of the documentation • Ensure releases with breaking changes are clearly marked • Email notifications to clearly identify breaking changes <p>TAC to discuss the additional recommendation from one organisation:</p> <p><i>In light of these changes, we would simply support a moratorium on any last-minute deferral requests after a defined cut off point to be stated in the user terms</i></p> <p>Do the TAC agree with this suggestion? If so: What should the cut-off point be? How long should the moratorium last?</p>

TAC Question: Do the TAC recommend the inclusion of this item as part of BAU 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	Vice President, 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
ECB	Grzegorz Skrzypczynski	Senior Data Science Expert
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:

Christiane Baetz
DSB Management Team

DSB TAC Secretariat:

Yuval Cohen
DSB Technical Architect

Appendix B - TAC Meeting Schedule

The following shows the TAC meeting dates & times:

Date	Description	Time
Wednesday 29 th March 2023	2023 Meeting 1	1pm BST (12pm UTC, 2pm CET, 8am EDT)
Wednesday 21st June 2023	2023 Industry Consultation	1pm BST (12pm UTC, 2pm CET, 8am EST)
Wednesday 25 th October 2023	2023 Meeting 2	1pm BST (12pm UTC, 2pm CET, 8am EDT)