



## **Derivatives Service Bureau**

Proposed Amendments to the 2019 Fee Model, User  
Categories, Functionality, Service Level, Service Availability &  
User Agreement

### **Consultation Paper 2**

28 June 2018

## Contents

|       |  |    |
|-------|--|----|
| 1     | Introduction .....   | 3  |
| 2     | Executive Summary.....   | 4  |
| 2.1   | Principles.....  | 6  |
| 2.2   | Response Highlights.....   | 7  |
| 2.2.1 | User Categorization and Fees: .....                                | 7  |
| 2.2.2 | Functionality: .....   | 11 |
| 2.2.3 | Service Levels: .....  | 18 |
| 2.2.4 | Service Resiliency:.....   | 23 |
| 2.2.5 | Access and Usage Agreement:.....                                   | 25 |
| 3     | Appendices.....  | 27 |
| 3.1   | Appendix 1 - Cost Basis .....                                      | 27 |
| 3.2   | Appendix 2 - Principles for Excess Fee Income Redistribution ..... | 28 |
| 3.3   | Appendix 3 - Second Consultation Questions for Industry.....       | 29 |

## 1 Introduction

The Association of National Numbering Agencies (“ANNA”) has founded the Derivatives Service Bureau (DSB) for the allocation and maintenance of International Securities Identification Numbers (ISINs) for OTC derivatives.

The allocation of ISINs to these instruments, as well as the provision of access to the ISIN archive and associated reference data, comprise the numbering agency function of the DSB. This function is overseen by ANNA as the Registration Authority for ISINs under contract with the International Organization for Standardization (ISO) through strict rules over business and technical operations, including limiting user fees to cost recovery.

There is discretion regarding how the fees may be structured and applied to meet these rules, and the fee structure is the primary focus of this consultation.

The European Union’s MiFID II/ MiFIR regulations mandate the use of ISINs to identify certain OTC derivatives, starting 3<sup>rd</sup> January 2018. The affected OTC derivatives include those tradeable on a European trading venue (ToTV) and those with underlying asset(s) tradeable on a European trading venue (uToTV). The reporting obligations for these instruments affect trading venues and Systematic Internalisers (SIs)<sup>1</sup>.

The purpose of this document is to present a summary of industry feedback to the first consultation paper in 2018 and present further information for review in the light of those responses. This second paper should be read in conjunction with the original consultation and subsequent responses which are available here <https://www.anna-dsb.com/2019-user-fee-and-user-agreement-consultations/>.

---

<sup>1</sup> As defined in MiFIR

## 2 Executive Summary

European legislation MiFID II/ MiFIR, MAR & PRIIPs have specified the use of ISINs for all the instruments in-scope of the regulation, including OTC derivatives tradeable on an EU trading venue or with an underlying tradeable on an EU trading venue. ANNA, after discussions with the industry and ISO, set up the Derivatives Service Bureau (DSB) to assign global, permanent and timely ISINs to OTC derivatives.

The current level of ISIN generated by the DSB is designed to enable users to satisfy their RTS-23 obligations, with additional levels of ISIN able to be created as required by industry.

The DSB completed a first consultation on the 2019 fee model, user categories, legal agreement, service levels, service availability and functionality on 13<sup>th</sup> June 2018, with industry responses [published here on the DSB website](#).

The DSB facilitates access for a broad spectrum of users, including credit institutions, small brokerages, private wealth management firms, boutique asset managers, large, multi-segment and/or multi-market trading venues, derivatives houses from across the buy and sell-sides and universal-bank style sell-side institutions with multiple business segments within a single group holding structure.

Details about the first consultation were sent to the DSB's user community - almost 2,000 individuals across a total of 373 organizations. The DSB's user community is comprised of 70% Registered Users (free service), 21% Power Users (organizations with programmatic connectivity), 6% Infrequent Users (GUI connectivity) and 3% Standard Users (GUI connectivity). Amongst fee paying users; banks and credit institutions contribute towards 50% of DSB fees, trading venues contribute 35% with the balance comprised of the buy-side, data vendors and others.

The DSB received 16 responses, representing a total of 20 institutions from across the industry, with heavy representation from the largest fee-paying users in the Power User (i.e. programmatic user) segment. The open questions in sections three and four below are thus largely formulated to further investigate the needs of these heavier users of the DSB's infrastructure.

Respondents included trading venues, trade associations, data vendors, buy-side and sell-side institutions. It was notable that where members of various trade associations independently responded to the DSB consultation, many requested that their responses be kept anonymous. The DSB has honoured these requests in line with standard practice while noting the type of institution at the header of each such response.

Responses to the first consultation paper (CP1) show a divergence in the needs of the differing constituencies served by the DSB - with (i) Systematic Internalisers seeking an expansion of DSB product coverage and ISIN hierarchies whilst Trading Venues (in general) not seeing a need for further expansion of products or services.

Common themes across many responses included requests for (a) earlier engagement in the budgetary cycle, (b) broader participation in the DSB’s governance framework and (c) simplification of the legal agreement structure for firms operating multiple entities.

This second consultation opens on 28<sup>th</sup> June 2018 and will close on 27<sup>th</sup> July 2018, with a final consultation report to be published on 20<sup>th</sup> August 2018. The first consultation sought to obtain industry views on a broad range of topics arising from user feedback during the prior 12-month period, with this second consultation intended to summarize industry responses and set out some further information, including next steps where these are available.

As a reminder, the DSB’s consultation and publication schedule for 2018 is as follows:

| Date                   | Milestone  | Status   |
|------------------------|--|----------|
| <b>Fri 18-May-2018</b> | DSB Webinar on 2019 Fee Model, User Agreement principles (first consultation)      | Complete |
| <b>Wed 13-Jun-2018</b> | Deadline for industry feedback on presentation deck from 19 May 2018               | Complete |
| <b>Thu 28-Jun-2018</b> | Publication of second DSB consultation   | Complete |
| <b>Tue 03-Jul-2018</b> | Second DSB webinar on Fee Model & User Agreement Consultation                      |          |
| <b>Fri 27-Jul-2018</b> | Deadline for industry feedback on second consultation from 28 June 2018            |          |
| <b>Mon 20-Aug-2018</b> | Publication final report following second consultation + draft 2019 user agreement |          |
| <b>Sun 20-Sep-2018</b> | Publication of finalised User Agreement  |          |
| <b>Wed 05-Dec-2018</b> | Finalised 2019 costs + per user fees + # of users (per 2018 Charges Policy)        |          |

## 2.1 Principles

Below is a table with a brief statement on the four key principles relied on by the DSB in development of the fee model.

| Principle          | Brief Description   |
|--------------------|---|
| Cost Recovery      | <p>The DSB provides numbering agency services on a cost recovery basis.</p> <p>From the DSB's perspective, this means that the revenues must be sufficient to ensure that the numbering agency has the financial viability to meet its continuing obligation to provide these services. From the user perspective, it means that the payment for these services does not profit the owners of the utility beyond its maintenance as a financially viable entity.</p> <p>Furthermore, the funding model needs to be sustainable, which includes the need to be efficient and reliable.</p>   |
| Unrestricted Data  | <p>The DSB intends that no data associated with the definition of an ISIN will have licensing restrictions dictating usage or distribution.</p> <p>If the DSB Product Committee (<a href="http://www.anna-web.org/dsb-product-committee/">http://www.anna-web.org/dsb-product-committee/</a>) determines that there is no viable alternative to the use of licensed or restricted data in a product definition, the DSB will review the impact to its Unrestricted Data policy at that time, taking into account the specific products and attributes that are impacted by the incorporation of licensed or restricted data in the product definitions.</p> |
| Open Access        | <p>Access to the DSB archive for consumption of OTC derivative ISINs and associated reference data is available to all organizations and users.</p>   |
| Payment in Advance | <p>To the extent possible, the DSB levies fees through annual contracts that require payment in advance.</p> <p>This advance yearly commitment offers the DSB more clarity in aligning fee levels with cost recovery.</p> <p>For the users, it provides improved ability to forecast their costs for utilising ISIN services</p>  |

## 2.2 Response Highlights

The responses received by the DSB highlighted segmented market needs, with a clear preference for a pay-to-play model amongst the users seeking additional functionality and/or services. The DSB aims to undertake further consultation as part of this document to determine appetite for providing such services and whether they should be provided outside the communal cost recovery ring-fence. Specifically, where such appetite exists, the DSB will be seeking to identify participants of a user forum that could investigate the design and deployment of proposals in more detail.

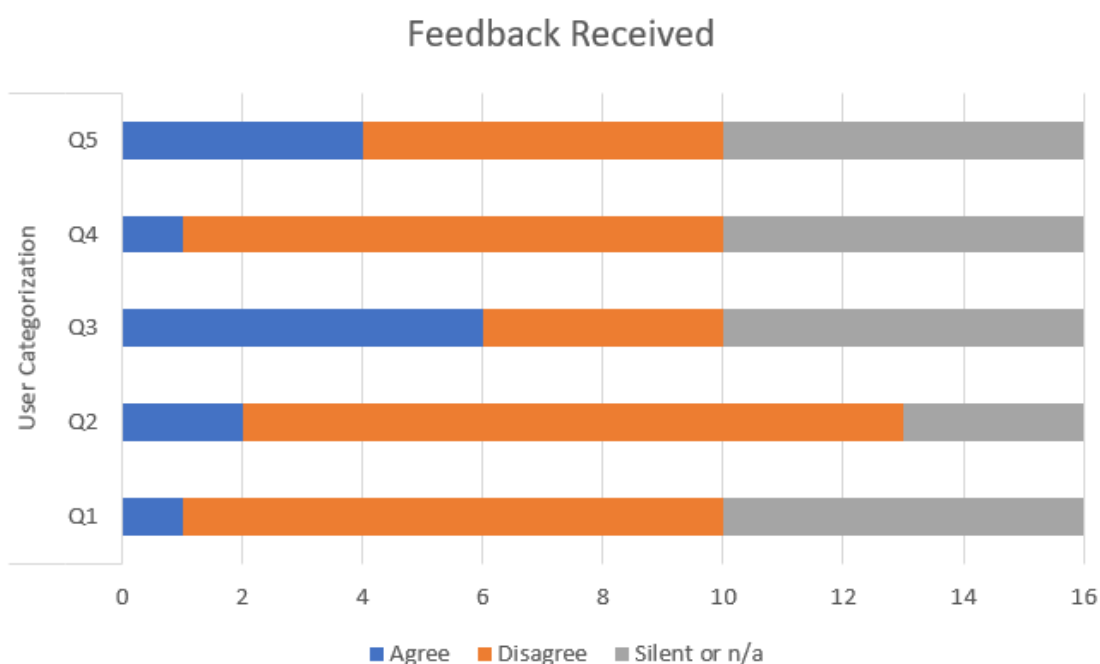
On matters involving DSB infrastructure, connectivity and disaster recovery, the DSB will work with the [Technology Advisory Committee](#) (TAC) to obtain their views to ensure that the DSB remains aligned with market feedback as it progresses these items. Feedback from the TAC will be incorporated within the final consultation report.

A reminder of the key questions posed, and an accompanying summary of responses is set out below, followed by a summary of feedback received, DSB decisions (where applicable) and questions on each open item. For ease of reference, a summary of all open questions is provided in [appendix 3](#) of this document.

### 2.2.1 User Categorization and Fees:

Synopsis of CP1 questions to industry and responses received:

- Q1. Do you agree with the proposed user categorization?
- Q2. Do you concur with the proposed fee model?
- Q3. Should license terms vary for commercial intermediaries?
- Q4. Do you have work-flows requiring one-off connectivity?
- Q5. Additional user categories or charging models that the DSB should evaluate?



- Whilst some respondents were ambivalent about the proposed user categorization and fee model, the general feedback was that users should pay based on their utilization of the DSB's services and infrastructure and that the proposed model should be simplified where possible, with mixed views on the accompanying detail
- Trading Venues and some Systematic Internalisers indicated that the DSB should not evolve towards a model that set user fees at segment Market Identifier Code (MIC) level indicating segment MIC was not a true representation of separate platforms or that it unfairly discriminates against venues who, because of regulatory requirements, must separate their business amongst numerous entities. Some proposals went as far as suggesting that all EU based MiFID II participants should be required to pay DSB fees, irrespective of their need for or consumption of OTC derivative ISIN data.

It is important to note that the current fee model is designed to ensure that new and smaller market participants can reasonably access the services they need. Given the recent requests to also create a model that allows for (a) trading venues that operate in multiple segments/markets and (b) more complex legal entity structures such as group organisations, the DSB will be seeking industry guidance to identify models that continue to serve the needs of user communities both large and small.

- Several respondents suggested further rationalization of the fee model, including a proposal to streamline the existing Standard User category to better address industry needs. However, the implementation recommendations were sometimes in conflict and tended to vary based on the respondent's role in the financial services arena
- User categorization proposals included:
  - a request for free programmatic search and a request to charge users for high-volume searches, with the latter designed to encourage additional participation in the fee model
  - reduce the number of user categories or at minimum not to expand these beyond the current segments and introduce a programmatic user category between the existing Standard and Power User categories
  - retaining the existing Infrequent User category to enable low-cost participation in the ISIN creation process and a proposal to eliminate it by merging it with Registered User data, thus making up to 100 ISINs per year, per institution available for free
  - creating a user category that allowed lower volume participants to benefit from direct, programmatic access to the DSB
  - a request to be able to programmatically access DSB data free of cost to address the respondent's concerns about APA transparency data
- Whilst some users felt that the needs of intermediaries needed specific agreement terms, general feedback focused on ensuring technology intermediaries continued to facilitate access free of cost
- Some respondents requested additional details about the DSB's costs accompanied by other financial and audit details to provide fee paying institutions with greater transparency



### DSB Decision:

- a) Seek industry guidance on alternative models to the segment level MIC based fee structure proposed by the DSB. Please note that any alternative model must not put smaller users at an unintentional disadvantage.

It is important to note that the proposed segment level MIC fee model is designed to set fees at a level that can be objectively validated against a publicly available dataset (such as FIRDS – which contains segment level MICs), whilst ensuring that new and/or smaller institutions are not required to fulfil the same fee requirements as trading venues who, because of regulatory requirements, must separate their business amongst numerous entities.

The proposed model aims to ensure that a small credit institution or retail bank is not required to pay the same fees as a large derivatives market maker or similarly, that a small, single market trading venue is not required to pay the same fees as a multi-market trading venue.

- b) Seek industry guidance on alternative fee structure to address the specific needs of multi-faceted organizations (e.g. a holding company with each of sell-side, buy-side and data vendor businesses or with multiple trading venues) to apply as a single user type whilst ensuring that new and smaller market participants can continue to access the services they currently utilize without being economically disadvantaged at a higher price point.
- c) Considering the overwhelming industry feedback for the DSB to reduce, or at minimum, hold steady the number of user categories (in particular, from trade associations), the DSB proposes to retain the current user categorization and fee model, except for the open items listed in (a) and (b) above.

The DSB is conscious of specific feedback from some respondents seeking for an expansion of the user categories so that greater segmentation could be provided between heavy and lower volume programmatic users. It is likely that the solution for (b) above may alleviate these concerns and recognizes that further discussion can be taken up within the user forums proposed later in this document.

- d) Seek further feedback from industry on the question about terms for intermediaries (ref. section 2.2.5)
- e) Publish audited financial accounts following the DSB's first full year of operation. An overview of the cost base underlying 2017-18 Invoicing Period is provided in appendix 1 of this document
- f) The DSB's governance model requires that an independent consultancy review the functioning of the DSB on an annual basis. The DSB's aims to make available the ISAE3402 report of the third-party assurance audit to users once completed

### Questions for industry

1. What specific and objectively verifiable models (if any) are you able to propose that reasonably address the needs of multi-segment and/or multi-market trading venues, whilst not placing an adverse cost on new or smaller market participants (refer to 2.2.1 a)?

It is important to note that the proposed segment MIC level fee model is designed to set fees at a level that can be objectively validated against a publicly available dataset (such as FIRDS –

which contains segment level MICs), whilst ensuring that new and/or smaller institutions are not required to fulfil the same fee requirements as trading venues who, because of regulatory requirements, must separate their business amongst numerous entities.

The proposed model aims to ensure that a small credit institution or retail bank is not required to pay the same fees as a large derivatives market maker or similarly, that a small, single market trading venue is not required to pay the same fees as a multi-market trading venue. It is likely that a LEI level model (as proposed by some respondents) will place smaller users of the DSB at a significant cost disadvantage.

2. What specific and objectively verifiable models (if any) are you able to propose that reasonably address the needs of complex, multi-faceted organizations whilst ensuring that new and smaller market participants can continue to access the services they currently utilize without being economically disadvantaged at a higher price point. (refer to 2.2.1 b) above)?

The proposed model aims to ensure that a small credit institution or retail bank is not required to pay the same fees as a large derivatives market maker or similarly, that a small, single market trading venue is not required to pay the same fees as a multi-market trading venue.

## 2.2.2 Functionality:

### Synopsis of CP1 questions to industry and responses received:

Q6. Should the DSB make csv (or other non JSON format) files available when downloading GUI based search results?

Q7. Should the DSB investigate the provision of an Excel based plug-in (or other integration alternatives) to facilitate ease of use?

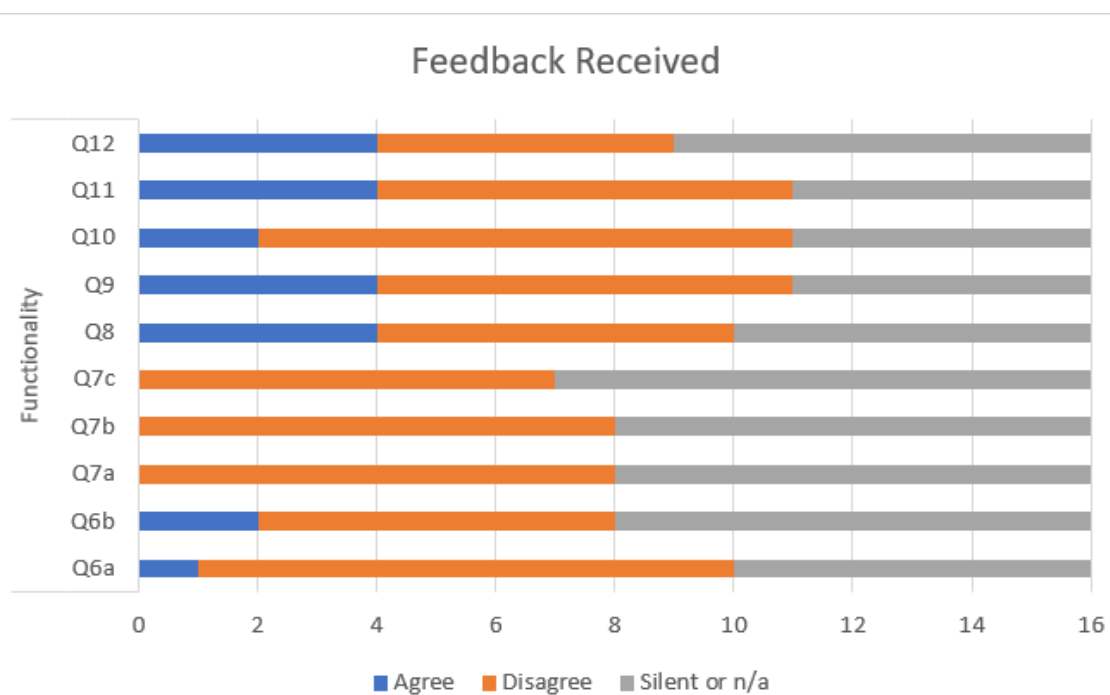
Q8. Should the existing enumeration management methodology be enhanced to become more dynamic and responsive to industry needs?

Q9. Should end of day (EoD) data be provided in consolidated snapshots and/or in any format?

Q10. Should the DSB enhance its GUI search functionality?

Q11. Should the DSB provide real-time analytics to industry?

Q12. Additional workflows that the DSB should support?



General consensus that:

- no new search download formats are required for general use
- no new API format (i.e. Excel plug-in) is required
- no new file download service is required for general use
- easier GUI search functionality is not required
- real-time analytics are not required

Mixed opinion on:

- whether product template change process should enable more rapid deployment with some users seeking a less impactful process and maximum 2-day turnaround from notification to implementation and the DSB treating this as a high priority item whilst others were happy with the existing lead time and processes
- whether ISIN metadata should be provided with regular publication in a downloadable format instead of real-time analytics e.g. user category level metrics, etc.
- the need for additional workflows to be supported by the DSB – feedback on this item was scattered throughout various documents with a subset of respondents seeking the following:
  - additional product coverage to include any OTC derivative
  - the introduction of an ISIN hierarchy
  - automation of the DSB’s proprietary index submission and utilization process
  - general changes to the management of domain data within DSB templates e.g. reference rates, indices, currencies, etc.
- Some respondents indicated that the following would be helpful, thus fuelling the possible need for user specific discussions with consideration as to whether these should be made available outside the communal cost recovery model. Specific requests for the following arose:
  - the introduction of csv formats would assist business analysts and be significantly easier to parse and read the content of OTC ISIN records
  - the provision of consolidated, user query driven, on-demand datasets available for one-time download
  - improvement of the attributes associated with OTC ISIN records for FX Swaps to allow GUI only users to be able to easily search for and identify the trades they need to report
  - the automated creation of instruments that roll on a pre-determined basis (to a schedule agreed with industry)
- Industry collaboration:

Several respondents requested that the DSB engage users in longer range planning sessions to collaboratively design and deploy service changes and/or enhancements, thus resulting in improved user communication and enabling the DSB to become more integrated with industry needs

Feedback was also received requesting the following from the DSB:

- the provision of regular touch-points with industry
- the need for industry working groups to be set up to facilitate work on certain enhancements
- the creation of a forum for the escalation of issues and/or the prioritization of change requests

- improved access to market knowledge, including specialists with detailed, market segment specific knowledge of the relevant protocols
- a forum to enable industry integration to become seamless and integral to the operation of the DSB
- introduction of additional templates across the full spectrum of OTC derivative products, especially for more granular indices and complex derivatives
- introduction of ISIN hierarchies that fall outside of the regulatory scope
- automation of existing services such as the proprietary index submission and use process
- improved alignment with ISDA and the GFMA
- development of a three-year strategic plan

The proposed structure and composition of the user forum for industry review and feedback is provided below. It is anticipated that:

- the user forum would be driven by institutions seeking additional functionality and service levels from the DSB
- the user forum would comprise a cross-functional skill set, with a lead representative per organization serving as a conduit into the relevant organization's needs and priorities
- the user forum would facilitate industry integration as DSB products and services evolve for those user segments seeking enhancements
- the user forum would convene monthly (consistent with anecdotal requests received by the DSB), thus requiring on average a fortnight's worth of work effort involved in ensuring preparatory and follow-up activities and accompanying user expectations were fulfilled in a manner consistent with that expected from key market infrastructure providers
- the user forum could be supported using one of the following approaches, based on industry feedback about desired support levels:
  - administrative support to collate/ disseminate feedback and set up logistics
  - a mix of administrative and some OTC derivative market experience to facilitate logistics and assist with product/service design
  - a combination of resources with deep OTC derivative delivery and product development skills to expedite discussions and delivery, with proactive industry engagement
- Detailed feedback on each item is provided as part of the TAC presentation, [available here](#)

DSB Decision:

- a) No further activity on new search download formats, new API formats, new file download formats, enhanced GUI search functionality as part of the communal cost recovery ring-fence
- b) Seek industry guidance on whether the process for product template changes should be changed to enable faster product template changes whilst reducing industry testing

requirements change process and collaborate with the [Product Committee](#) as subsequently required. Further information on costs is set out below.

- c) Seek industry guidance on the type, frequency and delivery model for ISIN metadata

### Questions for industry

3. Industry collaboration: Several respondents requested that the DSB engage users in longer range planning sessions to collaboratively design and deploy additional functionality alongside any service changes and/or enhancements, thus resulting in improved user communication and enabling the DSB to become more integrated with industry needs

Feedback was also received requesting the following from the DSB:

- the provision of regular touch-points with industry
- the need for DSB driven industry working groups to be set up to facilitate work on certain enhancements
- the creation of a forum for the escalation of issues and/or the prioritization of change requests
- improved access to market knowledge, including specialists with detailed, market segment specific knowledge of the relevant protocols
- introduction of additional templates across the full spectrum of OTC derivative products, especially for more granular indices and complex derivatives
- introduction of ISIN hierarchies that fall outside of the regulatory scope
- automation of existing services such as the proprietary index submission and use process
- improved alignment with ISDA and the GFMA
- development of a three-year strategic plan

The proposed structure and composition of the user forum is provided below for industry review and feedback. Based on responses to the first consultation, it is anticipated that:

- the user forum would be driven by institutions seeking additional functionality and service levels from the DSB
- the user forum would comprise a cross-functional skill set, with a lead representative per organization serving as a conduit into the relevant organization's needs and priorities
- the user forum would facilitate industry integration as DSB products and services evolve for those user segments seeking enhancements
- the user forum would convene monthly (consistent with anecdotal requests received by the DSB), requiring on average a fortnight's work effort to ensure preparatory and

follow-up activities so that expectations were fulfilled in a manner consistent with that required from key market infrastructure providers

- the user forum could be resourced based using one of the following approaches, based on industry feedback with respect to desired outcomes:
    - administrative support to collate/ disseminate feedback and set up logistics. The expected cost is €135k p.a. which includes a blended resource set, office, infrastructure and related administrative and financing costs
    - a mix of administrative and some OTC derivative market experience to facilitate logistics and assist with product/service design. The expected cost is €190k p.a. which includes a blended resource set, office, infrastructure and related administrative and financing costs
    - a combination of resources with deep OTC derivative delivery and product development skills to expedite discussions and delivery, with proactive industry engagement. The expected cost is €230k p.a. which includes a blended resource set, office, infrastructure and related administrative and financing costs
- i. Do you support the creation of a dedicated user driven forum to investigate appetite for the design, deployment, maintenance and funding of functionality including whether this should be outside the communal cost recovery ring-fence for general users? Core changes required to meet regulatory requirements would remain within the existing communal cost recovery ring-fence.
  - ii. If yes, do you agree with the goals of the suggested forum? Please provide your rationale.
  - iii. If yes, do you agree with the proposed composition, structure and format? Please provide your rationale.
  - iv. If yes, which of the three skill sets (proposed above) do you believe is required to support the user forum's goals? Please provide your rationale.
  - v. If yes, please supply any other views you may have about any specific model you wish to see implemented.
  - vi. If not, what model do you propose instead (if any)?
4. Responsive enumeration management: The DSB can enable support for faster changes to product definition templates by enabling changes to enumeration lists during availability hours and without the need for industry to engage in a full cycle of redevelopment and testing efforts. The cumulative benefit for the DSB's programmatic users is non-trivial with five recent market changes requiring updates to approximately 1,200 templates in a three-month period. With each programmatic user spending on average two days developing and regression testing each enumeration change and a total of 78 Power Users having to make changes, this translates to approximately 156 days of "lost" time per change, i.e. 780 "lost" days per quarter across all DSB programmatic users. Given that the current pace of industry change looks set to continue considering both benchmark related evolutions and ad-hoc currency re-denominations (based

on feedback received from users and regulators), proceeding with the proposed change would result in industry saving approximately 3,120 days of work effort each year.

The DSB anticipates that the DSB Product Committee (PC) and TAC respectively will be involved in the design of the required product template and technology implementations, to ensure an optimal implementation approach that meets industry needs.

The proposed solution requires the DSB to implement product template changes whilst the system is live and operational and without incurring any downtime. This requires significant architectural changes to the ISIN engine as well as changes to deployment and monitoring systems and processes.

The DSB estimates this will require re-working of the template structure across appx 180 templates to allow for dynamic enumerations. The cost is driven by design, documentation, development, QA and deployment effort. The DSB estimates build costs within the communal cost recovery ring-fence of €500K - €750K depending on the implementation approach adopted but does not anticipate any change to on-going run costs. The financial impact is an increase in annualised fees of €125K - €187.5K for 4 years, whilst the build cost is amortized over a 4-year period, as per the existing accounting provision for the amortization of build costs.

- i. Do you concur with the implementation of this functionality in 2019, in particular given the significant amount of effort (and cumulative cost) saved by the industry?
  - ii. If the DSB implements this functionality, do you agree that the PC and TAC should be involved in the design of the product and technology solutions respectively? If not, please propose your alternative industry engagement model.
5. The DSB received feedback to provide ISIN analytics in machine-downloadable format. Based on this feedback, the DSB proposes to provide the following analytics on a monthly basis:
- # of ISIN creates per product template
  - # of ISIN retrievals per product template (where ISIN is supplied)
  - # of ISIN searches across all product templates (search by metadata)
  - # of ISIN creates per user fee category
  - # of ISIN retrievals per user fee category (where ISIN is supplied)
  - # of ISIN searches per user fee category (search by metadata)
  - # of ISINs submitted to FIRDS per product template
- DSB expectation is that such analytics can be provided at no incremental build or run cost, as long as the information is placed on the DSB web-site once a month, for user download in a csv file format.
- i. Is the proposed list of analytics appropriate? Please provide an explanation of your reasoning for any changes you would like to see



- ii. Is the proposed monthly frequency of update appropriate? If not, please provide your reasoning, bearing in mind that more frequent updates may result in an incremental uplift in resource requirements
- iii. Is the proposed delivery model of csv file download from the DSB website appropriate? If not, please provide an alternative alongside your reasoning.

### 2.2.3 Service Levels:

#### Synopsis of CP1 questions to industry and responses received:

Q13. Are you satisfied with the DSB's current client service levels? If not, what more do you want the DSB to do?

Q14. Do you believe the DSB's existing 99% SLA needs to be revisited?

Q15. Should the DSB seek become better integrated with industry and if so, how?

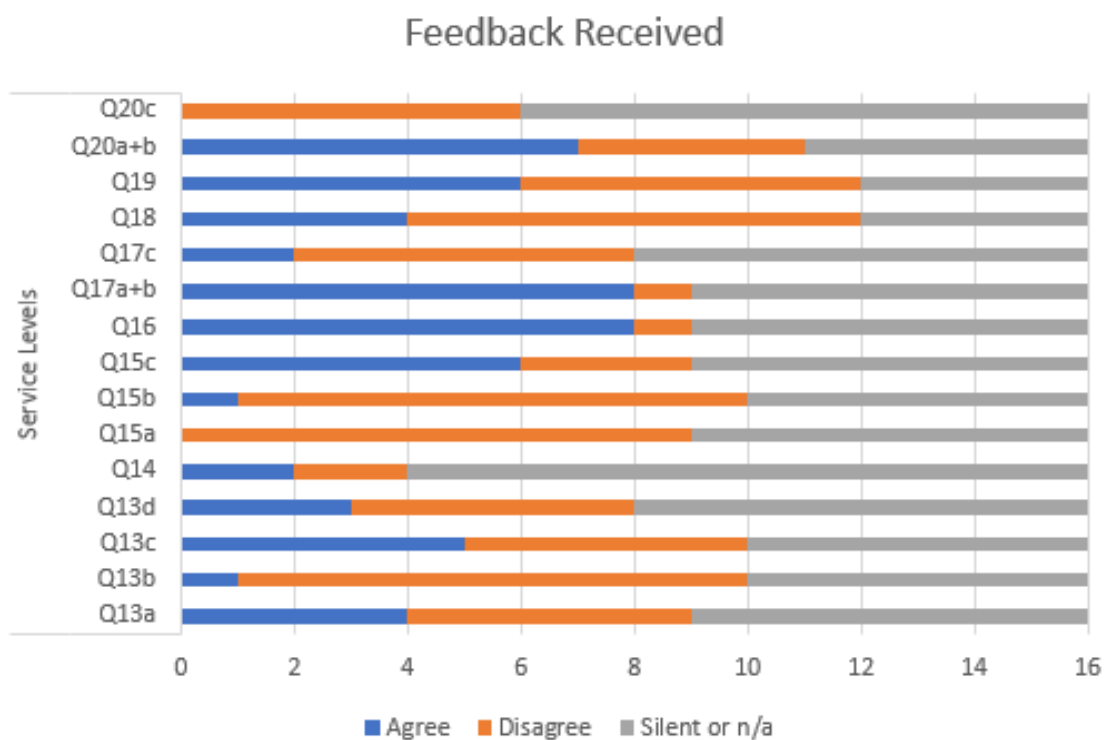
Q16. What additional information do you wish to see on the recently enhanced DSB website?

Q17. Do you believe the DSB should revisit its current availability hours?

Q18. Should the DSB visit its message streaming thresholds?

Q19. Should the DSB revisit its weekly caps for programmatic users?

Q20. What level of technical support do you wish to have outside of availability hours?



General consensus that:

- account managers are not required
- current weekly availability hours do not need to be revised, although some users would like to see the DSB evolve to a 24/6.5 or 7/7 model
- holiday downtime should be eliminated
- current invalid message caps were appropriately set

Mixed opinion on:

- the need for existing service levels should change
- the need for phone based technical and product support
- the need for and direction of any changes to the existing latency SLA
- the need for any review of throughput or weekly volume caps
- the need for technical support monitoring outside of DSB availability hours
- Some respondents indicated that the following would be helpful, thus fuelling the possible need for user specific discussions. Specific requests for the following arose:
  - the creation of industry working groups to work on product and service evolution and provide regular touch-points
  - the provision of an alternative API to allow for the backfill of selective attributes for ISIN records that have already been consumed
  - faster email response times
  - the provision of a ticketing service to assist users with tracking open queries
  - the documentation and publication of verified use and test cases for templates
- Improved integration with industry fora:
  - Several requests were made to enable broader industry representation in the PC to enable improved integration with industry. As a reminder, the PC is currently comprised of an equal number of representatives from the buy-side, sell-side and trading venues
  - A recommendation was also made that the DSB not become a member of trade associations but instead reach out to the various bodies asking if the DSB can monitor the output of deliberations of various derivatives working groups on an ongoing basis
- Feedback was also received about the request for additional financial, audit and governance information to be made available on the website. As indicated earlier in the document, audited reports will be available once these have been completed, with the deliberations of the [Product Committee via meeting minutes](#) already available and recordings of the TAC to follow once the inaugural meeting is held
- Detailed feedback on is provided as part of the TAC presentation, [available here](#)

#### DSB Decision:

- a) Review structure and format of the Product Committee on completion of the current term in December 2018, to facilitate participation from a broader industry group to represent the diversity of the DSB user base. The model would likely build on the approach taken by the TAC committee, with detailed design based on further discussions with industry
- b) Seek industry guidance on the appropriate industry fora that the DSB should reach out to in an effort to monitor the output of various industry working groups

- c) Seek industry guidance on the technical and operational architecture required to facilitate the abolition of holiday downtime
- d) Seek industry guidance on feedback relating to the need for changes to holiday downtime, and support models
- e) Proceed with the proposed Performance SLA refinement, involving the separation of performance metrics for each workflow
- f) Seek industry guidance on acceptable use limits for burst rates and weekly throughput levels
- g) Publish audited financial accounts following the DSB's first full year of operation. An overview of the cost base underlying 2017-18 Invoicing Period is provided in Appendix 1 of this document
- h) Make available the ISAE3402 report of the third-party assurance audit to users once completed

### Questions for industry

6. Several requests were made to enable broader industry representation in the PC to enable improved integration with industry. As a reminder, the PC is currently comprised of an equal number of representatives from the buy-side, sell-side and trading venues

Do you support the proposal to expand industry representation at the Product Committee?

7. A recommendation was also made that the DSB not become a member of trade associations but instead reach out to the various bodies asking if the DSB can monitor the output of deliberations of various derivatives working groups on an ongoing basis

Which specific industry working groups should the DSB reach out to in order to ensure it is able to monitor the output of various discussion fora and thus feed into the product roadmap and Product Committee deliberations on a proactive basis?

8. General consensus was that holiday downtime should be eliminated and that the DSB should look to move to a 24/6.5 or 7/7 model to facilitate a global trading environment.

The DSB anticipates that supporting the additional coverage and services would require the following marginal resource increase. Note that the figures below are provided on both an isolated service and combined package basis, with isolated costs over-estimating the actual resource requirements given the synergies across the individual items.

Isolated service costs – if any given service was to be implanted on a stand-alone basis:

- Remain operational across all holidays (0.2 FTE technical support uplift)
- Increase availability hours from 24x6 to 24x6.5 by reducing weekly downtime to between Saturday 20:00 UTC and Sunday 08:00 UTC (0.6 FTE technical support uplift)
- Improve email response times for Power Users (2 FTE technical 24 x 6.5 coverage: 2 x additional technical support)
- Instigate on-call rota for technical support during unavailability hours for addressing system failures (0.5 FTE technical support uplift)

- Move to a monthly release schedule for all Business-as-Usual functionality changes, with the aim of moving to quarterly release cycles by the end of the 2019 (no impact on resourcing)

Packaged service costs - implementing the service level improvements in the above as a synergistic package will result in the following resource uplifts:

- Technical Support uplift from 6.5 FTE to 10 FTE
  - Secretariat / Product Management uplift from 2 FTE to 3 FTE
  - Implementing this service is expected to cost €700k p.a. which includes resource, office, infrastructure and related administrative costs.
- Do you concur that the DSB should be implementing the proposed service level improvements as outlined above? Please explain your reasoning.
  - If not, which of the individual service level improvements outlined above would you wish to see implemented, if any? Please explain your reasoning.

Additionally, some respondents requested telephone access to technical and product support.

- Telephone access to technical support during availability hours requires an additional 4.5 x FTE technical Support uplift. Implementing this service is expected to cost €610k p.a. which includes resource, office, infrastructure and related administrative and financing costs.

Do you believe telephone access to technical support is required within the cost-recovery ring-fence? If yes, what availability hours do you require?

- Telephone access to product support during London hours requires an additional 1x FTE secretariat / product management uplift. The expectation is that this resource would be able to respond to the more complex questions typically requested by Power Users. Implementing this service is expected to cost €360k p.a. which includes resource, office, infrastructure and related administrative and financing costs.

Do you believe telephone access to product support is required within the cost-recovery ring-fence? If yes, what availability hours do you require

9. Performance SLA – The DSB proposes to implement the following changes to its performance metrics

- 500ms latency for 99% of workflows related to ISIN Record retrieval
- 1,000ms latency for 99% of workflows related to ISIN Create Requests
- 5,000ms latency for 99% of workflows related to ISIN Search (by metadata)
- Implementation of this change has no impact on DSB build or run costs.

Are there any other latency metrics that should be part of the DSB performance SLA?

10. Acceptable Use Throughput – The DSB has two possible approaches to modify the throughput caps:

- i. Modify the throughput caps to allow occasional bursts above the permitted caps of 60 REST APIs per connection and one simultaneous FIX message in flight. Such a change requires a one-off €120K build cost to the monitoring and reporting systems to allow automated tracking of such burst behaviour. There is also the need for some additional system resources, dependent on the amount and duration of the burst period. As an example, the DSB estimates that allowing bursts of one hour in any 24-hour period at double the throughput caps will likely increase the DSB run costs by €75K. In this scenario, the overall result will be an increase in DSB costs of €75K on a recurring basis, plus an additional €30K per annum amortization of the build cost, time-limited to 4 years.
- ii. Double the throughput caps to allow constant higher levels of throughput without regard to the concept of any 'burst mode'. Such an approach requires increased system resources, increasing the run-costs of the DSB by an estimated €420K per annum. There is no build cost for this option.
- iii. Should the DSB implement the 'burst mode' approach highlighted above? If yes, is a burst duration of one hour every 24 hours an appropriate initial implementation?
- iv. Should the DSB implement an increase in the throughput caps? If so, is a doubling of the existing cap level an appropriate initial implementation?

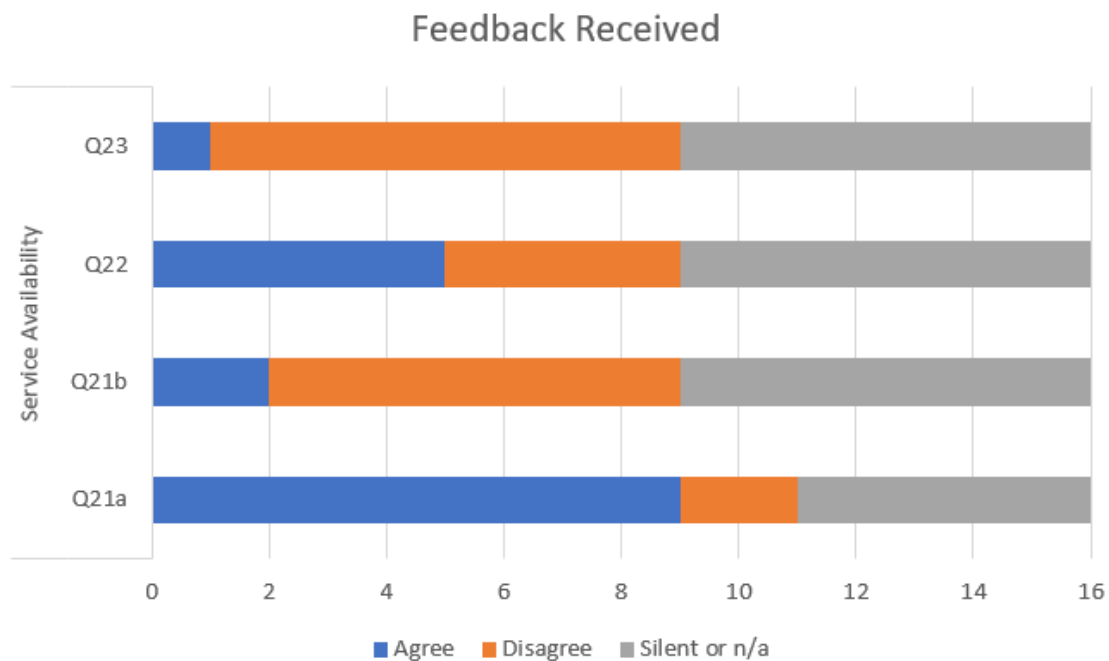
## 2.2.4 Service Resiliency:

### Synopsis of CP1 questions to industry and responses received:

Q21. Are the scheduled weekly and holiday downtimes appropriate?

Q22. Should the DSB move to an enhanced disaster recovery architecture (details in the consultation)?

Q23. Should the DSB move towards dual-cloud deployment?



General consensus that:

- Dual-cloud provisioning is not required
- Current operating hours are satisfactory but need to be expanded as point-of-trade/quote dependency on the DSB grows
- Holiday downtime should be eliminated (full details in 2.2.3 and further feedback requested in Q9.)

Mixed opinion on whether to move the DSB's disaster recovery model to a primary/ primary architecture

Detailed feedback on each item is provided as part of the TAC presentation, [available here](#)

### DSB Decision:

- a) Not proceed further with dual-cloud provisioning
- b) Seek industry guidance on target disaster recovery model

### Questions for industry

11. Some respondents concurred with the need for the DSB to institute multiple primary based disaster recovery architecture. The DSB expects such an approach will reduce industry downtime during a disaster from 4 hours to between 1-2 hours.

The implementation of such a solution requires a significant change to the DR architecture. The DSB estimates build cost of a primary / primary model at between €1m and €1.5m, with no additional run-cost implications. The resulting annual increase in costs within the communal cost recovery ring-fence would be between €250K and €375K per annum for the 4 years of build cost amortization.

If approved, the DSB proposes to implement this approach by working with the TAC to agree the detailed design.

Do you concur with implementation of this approach?



## 2.2.5 Access and Usage Agreement:

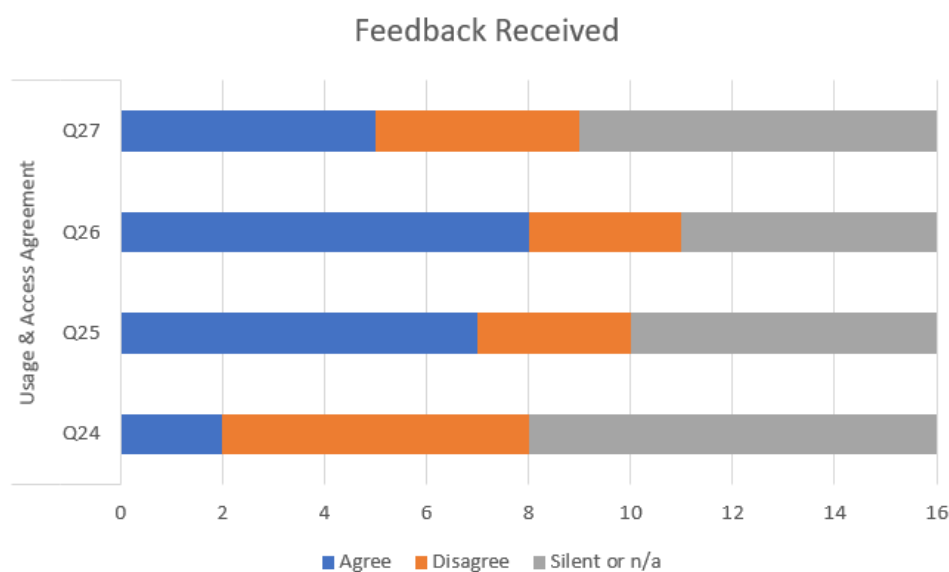
### Synopsis of CP1 questions to industry and responses received:

Q24. Do you believe the DSB should incur penalties for failing to meet SLAs?

Q25. Do you have a view on alternative fee models that could be applied across the spectrum of DSB user types to ameliorate the uncapped fee amount considerations?

Q26. Do you have a view on how the DSB could address the risk that unforeseen events require a contract change across all user of the service?

Q27. Do you have a view on whether existing provisions for intermediary disclosure of client details are appropriate? Where you disagree, please propose an alternate mechanism.



General consensus that:

- No penalties were needed in the event the DSB failed to meet its SLAs within the context of the cost recovery model and that transparency and governance were better routes to ensuring DSB stability

Mixed opinion on:

- alternative models to address the possibility of uncapped fee amounts with the spectrum of responses spanning a proposal of a flat fee for all EU MiFID II participants (irrespective of their use of DSB data) to a need for transparency and governance to facilitate early sight of the proposed fee structure.
- the drivers for any proposed unilateral changes to the terms of the DSB Access and Usage Agreement, with responses varying from changes only for items required by law to the requirement for a 30-day notice period to allow time for review and feedback by users
- the provision of identical terms to intermediaries and end users.
- Some users have indicated that they wish to see the DSB incorporate audit rights in the terms of the agreement offered to intermediaries e.g. data vendors or other institutions providing

enhancement, storage or distribution of DSB Power User Data. To date, to ensure there is no cross-subsidisation, intermediaries are required to provide quarterly reports to the DSB of those End Users to whom they distribute Power User data only. The report includes full legal name, address and primary contact details (name, phone and email) of all such End Users.

- Note that DSB Registered User Data (i.e. data drawn exclusively from end of day file downloads) is free to use and/or distribute, subject to third party terms.

#### DSB Decision:

- a) To provide transparency over performance against SLAs, some respondents indicated that they would like to see the DSB publish information about outages, service availability etc. as a result, the DSB intends to distribute a user notification highlighting the availability of operational status information for each month beginning January 2018. Note that information about incidents and the accompanying root cause analysis is currently [available here](#) on the DSB website
- b) Publish audited financial accounts following the DSB's first full year of operation. An overview of the cost base underlying 2017-18 Invoicing Period is provided in Appendix 1 of this document
- c) Make available the ISAE3402 report of the third-party assurance audit to users once completed

#### Questions for industry

12. There has been mixed response on the desire for differentiated agreement terms for intermediaries (e.g. data vendors or other institutions providing enhancement, storage or distribution of DSB Power User Data. Note that DSB Registered User Data (i.e. data drawn exclusively from end of day file downloads) is free to use and/or distribute, subject to third party terms.) vs. End Users.
  - i. Do you believe audit rights should be incorporated within the agreement terms for such institutions?
  - ii. Do you have a view on the specific terms you wish to see excluded/included within the user agreement for intermediaries? Please specify exact language and rationale for your proposal.

## 3 Appendices

### 3.1 Appendix 1 - Cost Basis

User fees recover the DSB overhead costs. The total annual overhead upon which the cost-recovery fees were calculated is €9.2m, which is 4.8 percent higher than the €8.8 million previously stated. The additional sum reflects development and operating costs identified in Q4 2017 by regulatory imperative and industry requests.

The fee calculation was based on the contracts in force as of 5 January and the user categories those contracts represent. Excess revenues caused by additional contracts signed after 5 January will go to defraying user fees for the next contract year.

The tables below show the breakdown of the €8.8mm costs published as part of the final report for the second DSB fee model consultation in June 2017. Note that the costs, which include a 20% margin for financial sustainability, are broken down as below:

| Category (Recurring)    | Description   | Amount        |
|-------------------------|---|---------------|
| Technology & Operations | Operation of the DSB platform including technical and asset class support.  | €4,103K       |
|                         | Support of new ToTV/uToTV functionality, default attribute provision and ReST API introduction                    | €550K         |
| Management              | Senior management team including MD, MSP management team and CFO  | €967K         |
| Administration          | Administrative costs and overheads such as office space, travel and expenses and administrative support functions | €520K         |
| External consultants    | External oversight and legal, professional & communication  | €476K         |
| <b>Total</b>            |   | <b>€6,616</b> |

| Category (Time-limited) | Description  | Amount         |
|-------------------------|--|----------------|
| Startup costs           | Amortization of start-up costs over the first 4 years  | €1,463K        |
| Financing costs         | Start-up loan interest costs repaid over 4 years   | €320K          |
| Contingency             | An annual contingency fund to cover unplanned costs during the initial few years of operation. For example, if industry were to request the DSB to provide additional services within the cost-recovery mandate. | €375K          |
| <b>Total</b>            |  | <b>€2,158K</b> |

It should be noted that the DSB is deliberately structured to minimize operational costs since costs are shared across the industry. By adding the contingency to the budget in the first instance, the DSB is creating an important buffer to maintain the financial stability of the industry utility. This buffer will be used to cover any unforeseen or previously unplanned costs that are incurred. Further, the deliberate service design providing for external consultants to review the DSB's annual operation with a publicly available report is designed to ensure exceptional transparency.

Regarding the use of contingency funds to deliver additional functionality, the DSB will only redirect these funds after consulting with the industry in the same way it has for the Traded-on Trading Venue (ToTV) service that is only now being added to the core ISIN service. Depending on the timeframe for the required new service, the DSB has the option of embedding those costs into the following year's budget – however, should there not be a perfect synchronization between the new service delivery and the DSB's financial year, some use of the contingency will be required.

### 3.2 Appendix 2 - Principles for Excess Fee Income Redistribution

The following principles will guide the use of any excess fee income received by the DSB – primarily generated because of late joiners and/ or mid-cycle upgrades:

- 100% of the excess fee income will be passed back to DSB Standard and Power Users
- The mechanism used to address any excess fee income received by the DSB should be simple and transparent

Excess fee income earned will be used to reduce the fees of the DSB for the following year and will form part of the variables set one month before the start of the annual subscription period. The DSB assumes that most users will roll their annual contracts with the utility.

Respondents agreed with the principle of using excess revenue to reduce user fees for the following year. There were additional suggestions around ensuring any excess is minimized through the calculation of initial fees and offsetting on a firm-by-firm basis.

Through the fee model explained in this consultation, the DSB is focused on ensuring that minimal funds are raised although this is balanced against the need for financial stability of a key market utility. Reallocation on a firm-by-firm basis will only be considered fair if the DSB also accounts for the exact amount of data and the number of ISINs being used by each firm. Not only would this analysis be an additional cost, it potentially would also skew the charges against those who 'acted first' to create ISINs that were then used by the broader community. The DSB prefers to keep the return of excess fees simple and reduce the upcoming year's entire cost base.

### 3.3 Appendix 3 - Second Consultation Questions for Industry

#### Proposed Format for Industry Responses to the DSB Consultations:

1. Consultation responses should be completed using the form below and emailed to [industry\\_consultation@anna-dsb.com](mailto:industry_consultation@anna-dsb.com)
2. The option is provided for respondents to stipulate whether the response is to be treated as anonymous. Note that all responses are published on the DSB website and are not anonymized unless specific requests are made
3. Where applicable, responses should include specific and actionable alternative solution(s) that would be acceptable to the respondent to ensure that the DSB can work to reflect the best target solution sought by industry (within the governance framework of the utility)
4. As with prior consultations, each organization is permitted a single response
5. Responses should include details of the type of organization responding to the consultation and its current user category to enable the DSB to analyse client needs in more detail and include anonymized statistics as part of the final consultation report
6. Responses must be received by 5pm UTC on 27<sup>th</sup> July 2018
7. All consultation related queries should be directed to [industry\\_consultation@anna-dsb.com](mailto:industry_consultation@anna-dsb.com)

|  |  |                               |
|--|--|-------------------------------|
| <b>Name</b>                                    | Teresa Wingate   |                               |
| <b>Email Address</b>                           | Vendor.mgmt@smartstreamrdu.com   |                               |
| <b>Company</b>                                 | Reference Data Services, UK Ltd. ("RDS")   |                               |
| <b>Company Type</b>                            | Other Intermediary   |                               |
| <b>User Type</b>                               | Power  |                               |
| Select if response should be anonymous         | <input type="checkbox"/>   |                               |
| <b>#</b>                                       | <b>Question for Consultation</b>   | <b>Participant's Response</b> |
| <b>Section 1: User Categorization and Fees</b> |  |                               |
| 1  | <p>What specific and objectively verifiable models (if any) are you able to propose that reasonably address the needs of multi-segment and/or multi-market trading venues, whilst not placing an adverse cost on new or smaller market participants (refer to 2.2.1 a)?</p> <p>It is important to note that the proposed MIC level fee model is designed to set fees at a level that can be objectively validated against a publicly available dataset (FIRDS – which contains segment level</p> |                               |

|  |   |   |
|--|---|---|
|  | <p>MICs), whilst ensuring that new and/or smaller institutions are not required to fulfil the same fee requirements as trading venues who, because of regulatory requirements, must separate their business amongst numerous entities.</p> <p>The proposed model aims to ensure that a small credit institution or retail bank is not required to pay the same fees as a large derivatives market maker or similarly, that a small, single market trading venue is not required to pay the same fees as a multi-market trading venue. It is likely that a LEI level model (as proposed by some respondents) will place smaller users of the DSB at a significant cost disadvantage.</p> |   |
| 2                                      | <p>What specific and objectively verifiable models (if any) are you able to propose that reasonably address the needs of complex, multi-faceted organizations) whilst ensuring that new and smaller market participants can continue to access the services they currently utilize without being economically disadvantaged at a higher price point. (refer to 2.2.1 b) above)?</p> <p>The proposed model aims to ensure that a small credit institution or retail bank is not required to pay the same fees as a large derivatives market maker or similarly, that a small, single market trading venue is not required to pay the same fees as a multi-market trading venue.</p>      |   |
| <p><b>Section 2: Functionality</b></p> |   |   |
| 3.i                                    | <p>Industry collaboration: Several respondents requested that the DSB engage users in longer range planning sessions to collaboratively design and deploy additional functionality alongside any service changes and/or enhancements, thus resulting in improved user communication and enabling the DSB to become more integrated with industry needs</p> <p>Feedback was also received requesting the</p>   | <p>RDS is concerned with the level of communication from the DSB regarding technical change notifications, however, proposed solutions seem unnecessarily labour intensive and expensive to resolve that issue.</p> |

|  |   |  |
|--|---|--|
|  | <p>following from the DSB:</p> <ul style="list-style-type: none"> <li>○ the provision of regular touch-points with industry</li> <li>○ the need for DSB driven industry working groups to be set up to facilitate work on certain enhancements</li> <li>○ the creation of a forum for the escalation of issues and/or the prioritization of change requests</li> <li>○ improved access to market knowledge, including specialists with detailed, market segment specific knowledge of the relevant protocols</li> <li>○ introduction of additional templates across the full spectrum of OTC derivative products, especially for more granular indices and complex derivatives</li> <li>○ introduction of ISIN hierarchies that fall outside of the regulatory scope</li> <li>○ automation of existing services such as the proprietary index submission and use process</li> <li>○ improved alignment with ISDA and the GFMA</li> <li>○ development of a three-year strategic plan</li> </ul> <p>The proposed structure and composition of the user forum is provided below for industry review and feedback. Based on responses to the first consultation, it is anticipated that:</p> <ul style="list-style-type: none"> <li>○ the user forum would be driven by institutions seeking additional functionality and service levels from the DSB</li> <li>○ the user forum would comprise a cross-functional skill set, with a lead representative per organization serving as a conduit into the relevant organization’s needs and priorities</li> <li>○ the user forum would facilitate industry integration as DSB products and services evolve for those user segments seeking enhancements</li> </ul> |  |
|--|---|--|

|       |  |  |
|-------|--|--|
|       | <ul style="list-style-type: none"> <li>○ the user forum would convene monthly (consistent with anecdotal requests received by the DSB), requiring on average a fortnight's work effort to ensure preparatory and follow-up activities so that expectations were fulfilled in a manner consistent with that required from key market infrastructure providers</li> <li>○ the user forum could be resourced based using one of the following approaches, based on industry feedback with respect to desired outcomes: <ul style="list-style-type: none"> <li>▪ administrative support to collate/ disseminate feedback and set up logistics. The expected cost is €135k p.a. which includes a blended resource set, office, infrastructure and related administrative and financing costs</li> <li>▪ a mix of administrative and some OTC derivative market experience to facilitate logistics and assist with product/service design. The expected cost is €190k p.a. which includes a blended resource set, office, infrastructure and related administrative and financing costs</li> <li>▪ a combination of resources with deep OTC derivative delivery and product development skills to expedite discussions and delivery, with proactive industry engagement. The expected cost is €230k p.a. which includes a blended resource set, office, infrastructure and related administrative and financing costs</li> </ul> </li> </ul> |  |
| 3.ii  | If yes, do you agree with the goals of the suggested forum? Please provide your rationale.   |  |
| 3.iii | If yes, do you agree with the proposed composition, structure and format? Please provide your rationale.   |  |
| 3.iv  | If yes, which of the three skill sets (proposed above) do you believe is required to support the user forum's goals? Please provide your rationale.  |  |



|      |   |   |
|------|---|---|
| 3.v  | If yes, please supply any other views you may have about any specific model you wish to see implemented.  |   |
| 3.vi | If not, what model do you propose instead (if any)?   | RDS proposes more timely updates for notifications with more details and lead time. Webinars to provide detailed information and expert participants from DSB to answer specific questions may suffice. These would be scheduled when there is an update versus on a regular monthly basis. Format: Send out change notification with 30 days' notice; schedule a call 15 days prior to event to answer any specific industry questions. Noted that this may require additional administrative resources. Conversely, if you create a mechanism to communicate more detailed information this should reduce the need for help desk/telephone support proposed in Section 8. |
| 4.i  | <p>Responsive enumeration management: The DSB can enable support for faster changes to product definition templates by enabling changes to enumeration lists during availability hours and without the need for industry to engage in a full cycle of redevelopment and testing efforts.</p> <p>The cumulative benefit for the DSB's programmatic users is non-trivial with five recent market changes requiring updates to approximately 1,200 templates in a three-month period. With each programmatic user spending on average two days developing and regression testing each enumeration change and a total of 78 Power Users having to make changes, this translates to approximately 156 days of "lost" time per change, i.e. 780 "lost" days per quarter across all DSB programmatic users. Given that the current pace of industry change looks set to continue considering both benchmark related evolutions and ad-hoc currency re-denominations (based on feedback received from users and regulators), proceeding with the proposed change would result in industry saving approximately 3,120 days of work effort each year.</p> | RDS supports this proposal. Allowing for additions without structural changes and downtime will be a big savings for RDS. Even though we will need to ensure we can handle the changes.   |

|      |  |  |
|------|--|--|
|      | <p>The DSB anticipates that the DSB Product Committee (PC) and TAC respectively will be involved in the design of the required product template and technology implementations, to ensure an optimal implementation approach that meets industry needs.</p> <p>The proposed solution requires the DSB to implement product template changes whilst the system is live and operational and without incurring any downtime. This requires significant architectural changes to the ISIN engine as well as changes to deployment and monitoring systems and processes.</p> <p>The DSB estimates this will require re-working of the template structure across appx 180 templates to allow for dynamic enumerations. Let's discuss what you're expecting to see in terms of additional detail. The cost is driven by design, documentation, development, QA and deployment effort</p> <p>The DSB estimates build costs within the communal cost recovery ring-fence of €500K - €750K depending on the implementation approach adopted, but does not anticipate any change to on-going run costs. The financial impact is an increase in annualised fees of €125K - €187.5K for 4 years, whilst the build cost is amortized over a 4-year period, as per the existing accounting provision for the amortization of build costs.</p> <p>Do you concur with the implementation of this functionality in 2019, in particular given the significant amount of effort (and cumulative cost) saved by the industry?</p> |  |
| 4.ii | <p>If the DSB implements this functionality, do you agree that the PC and TAC should be involved in the design of the product and technology solutions respectively? If not, please propose your alternative industry engagement model.</p>  | <p>Agree, both Groups need to be involved to ensure we get the right requirements.</p> |
| 5.i  | <p>The DSB received feedback to provide ISIN analytics in machine-downloadable format. Based on this feedback, the DSB proposes to provide the</p>   | <p>Suggested additional analytics:<br/>-Top 5 users</p>                                |

|   |  |  |
|---|--|--|
|   | <p>following analytics on a monthly basis:</p> <ul style="list-style-type: none"> <li>○ # of ISIN creates per product template</li> <li>○ # of ISIN retrievals per product template (where ISIN is supplied)</li> <li>○ # of ISIN searches across all product templates (search by metadata)</li> <li>○ # of ISIN creates per user fee category</li> <li>○ # of ISIN retrievals per user fee category (where ISIN is supplied)</li> <li>○ # of ISIN searches per user fee category (search by metadata)</li> <li>○ # of ISINs submitted to FIRDS per product template</li> </ul> <p>DSB expectation is that such analytics can be provided at no incremental build or run cost, as long as the information is placed on the DSB website once a month, for user download in a csv file format.</p> <p>Is the proposed list of analytics appropriate? Please provide an explanation of your reasoning for any changes you would like to see.</p> | <p>-Top 5 derivative types</p> <p>-Number of searches resulting in create/new ISIN</p> |
| 5.ii                                    | <p>Is the proposed monthly frequency of update appropriate? If not, please provide your reasoning, bearing in mind that more frequent updates may result in an incremental uplift in resource requirements</p>   | <p>Yes, monthly is appropriate.</p>  |
| 5.iii                                   | <p>Is the proposed delivery model of csv file download from the DSB website appropriate? If not, please provide an alternative alongside your reasoning.</p>   | <p>Yes, csv file download from the DSB website is appropriate.</p>                     |
| <p><b>Section 3: Service Levels</b></p> |  |  |

|     |   |  |
|-----|---|--|
| 6   | <p>Several requests were made to enable broader industry representation in the PC to enable improved integration with industry. As a reminder, the PC is currently comprised of an equal number of representatives from the buy-side, sell-side and trading venues</p>  |  |
| 7   | <p>A recommendation was also made that the DSB not become a member of trade associations but instead reach out to the various bodies asking if the DSB can monitor the output of deliberations of various derivatives working groups on an ongoing basis</p> <p>Which specific industry working groups should the DSB reach out to in order to ensure it is able to monitor the output of various discussion fora and thus feed into the product roadmap and Product Committee deliberations on a proactive basis?</p>  | <p>The FISD created a MiFIDII working group to gather industry feedback last year, meetings did not continue post January 2018. However, this may be a good forum to exchange information with the industry so it most likely can be reinstated. The contact would be David Anderson (david.anderson@atradia.com).</p> |
| 8.i | <p>General consensus was that holiday downtime should be eliminated and that the DSB should look to move to a 24/6.5 or 7/7 model to facilitate a global trading environment.</p> <p>The DSB anticipates that supporting the additional coverage and services would require the following marginal resource increase. Note that the figures below are provided on both an isolated service and combined package basis, with isolated costs over-estimating the actual resource requirements given the synergies across the individual items.</p> <p><u>Isolated service costs</u> – if any given service was to be implanted on a stand-alone basis:</p> <ul style="list-style-type: none"> <li>○ Remain operational across all holidays (0.2 FTE technical support uplift)</li> <li>○ Increase availability hours from 24x6 to 24x6.5 by reducing weekly downtime to between Saturday 20:00 UTC and Sunday 08:00 UTC (0.6 FTE technical support uplift)</li> <li>○ Improve email response times for Power Users (2 FTE technical 24 x 6.5 coverage: 2 x additional technical support)</li> </ul> | <p>In order to match the service level that our firm provides to DSB clients we would request 24/7 operational support in order to maintain their required level of service.</p>   |

|       |   |   |
|-------|---|---|
|       | <ul style="list-style-type: none"> <li>○ Instigate on-call rota for technical support during unavailability hours for addressing system failures (0.5 FTE technical support uplift)</li> <li>○ Move to a monthly release schedule for all Business-as-Usual functionality changes, with the aim of moving to quarterly release cycles by the end of the 2019 (no impact on resourcing)</li> </ul> <p><u>Packaged service costs</u> - implementing the service level improvements in I through V above as a synergistic package will result in the following resource uplifts:</p> <ul style="list-style-type: none"> <li>○ Technical Support uplift from 6.5 FTE to 10 FTE</li> <li>○ Secretariat / Product Management uplift from 2 FTE to 3 FTE</li> <li>○ Implementing this service is expected to cost €700k p.a. which includes resource, office, infrastructure and related administrative costs.</li> </ul> <p>Do you concur that the DSB should be implementing the proposed service level improvements as outlined above? Please explain your reasoning.</p> |   |
| 8.ii  | <p>If not, which of the individual service level improvements outlined above would you wish to see implemented, if any? Please explain your reasoning.</p>  |   |
| 8.iii | <p>Telephone access to technical support during availability hours requires an additional 4.5 x FTE technical Support uplift. Implementing this service is expected to cost €610k p.a. which includes resource, office, infrastructure and related administrative and financing costs.</p> <p>Do you believe telephone access to technical support is required within the cost-recovery ring-fence? If yes, what availability hours do you require?</p>   | <p>Yes, 24/5 technical telephone support is required to keep the Euro market covered.</p> |

|      |  |  |
|------|--|--|
| 8.iv | <p>Telephone access to product support during London hours requires an additional 1x FTE secretariat / product management uplift. The expectation is that this resource would be able to respond to the more complex questions typically requested by Power Users. Implementing this service is expected to cost €360k p.a. which includes resource, office, infrastructure and related administrative and financing costs.</p>  | <p>RDS agrees that having telephone support 24/5 is required with a resource that would be able to respond to the more complex questions is optimal.</p>                         |
| 8.v  | <p>Do you believe telephone access to technical support is required within the cost-recovery ring-fence? If yes, what availability hours do you require?</p>   | <p>RDS would require the hours of Euro support and 24/5.</p>   |
| 9    | <p>Performance SLA – The DSB proposes to implement the following changes to its performance metrics</p> <ul style="list-style-type: none"> <li>○ 500ms latency for 99% of workflows related to ISIN Record retrieval</li> <li>○ 1,000ms latency for 99% of workflows related to ISIN Create Requests</li> <li>○ 5,000ms latency for 99% of workflows related to ISIN Search (by metadata)</li> <li>○ Implementation of this change has no impact on DSB build or run costs.</li> </ul> <p>Are there any other latency metrics that should be part of the DSB performance SLA?</p>  | <p>Agree these are a good set of SLA metrics at this time.</p>   |
| 10.i | <p>Acceptable Use Throughput – The DSB has two possible approaches to modify the throughput caps:</p> <ul style="list-style-type: none"> <li>○ Modify the throughput caps to allow occasional bursts above the permitted caps of 60 REST APIs per connection and one simultaneous FIX message in flight. Such a change requires a one-off €120K build cost to the monitoring and reporting systems to allow automated tracking of such burst behaviour. There is also the need for some additional system resources, dependent on the amount and duration of the burst period. As an example, the DSB estimates that allowing</li> </ul> | <p>RDS does not support the concept of a Burst scenario. Burst mode could potentially cause companies to act irrationally and over flow systems at single points in the day.</p> |

|       |  |  |
|-------|--|--|
|       | <p>bursts of one hour in any 24-hour period at double the throughput caps will likely increase the DSB run costs by €75K. In this scenario, the overall result will be an increase in DSB costs of €75K on a recurring basis, plus an additional €30K per annum amortization of the build cost, time-limited to 4 years.</p> <ul style="list-style-type: none"> <li>○ Double the throughput caps to allow constant higher levels of throughput without regard to the concept of any 'burst mode'. Such an approach requires increased system resources, increasing the run-costs of the DSB by an estimated €420K per annum. There is no build cost for this option.</li> </ul> <p>Should the DSB implement the 'burst mode' approach highlighted above? If yes, is a burst duration of one hour every 24 hours an appropriate initial implementation?</p> |  |
| 10.ii | <p>Should the DSB implement an increase in the throughput caps? If so, is a doubling of the existing cap level an appropriate initial implementation?</p>  | <p>Yes, RDS supports an increase in the throughput caps. Doubling is an appropriate start with use of the new metrics to determine how to proceed.</p> |

**Section 4: Service Resiliency**

|   |  |   |
|---|--|---|
| 11  | <p>Some respondents concurred with the need for the DSB to institute multiple primary based disaster recovery architecture. The DSB expects such an approach will reduce industry downtime during a disaster from 4 hours to between 1-2 hours.</p> <p>The implementation of such a solution requires a significant change to the DR architecture. The DSB estimates build cost of a primary / primary model at between €1m and €1.5m, with no additional run-cost implications. The resulting annual increase in costs within the communal cost recovery ring-fence would be between €250K and €375K per annum for the 4 years of build cost amortization.</p> <p>If approved, the DSB proposes to implement this approach by working with the TAC to agree the detailed design.</p> <p>Do you concur with implementation of this approach?</p> | <p>Agree as long as we use the same provider and do not attempt to cross vendor and primary to primary.</p>   |
| <p><b>Section 5: Usage and Access Agreement</b></p> |  |   |
| 12.i  | <p>There has been mixed response on the desire for differentiated agreement terms for intermediaries (e.g. data vendors or other institutions providing enhancement, storage or distribution of DSB Power User Data. Note that DSB Registered User Data (i.e. data drawn exclusively from end of day file downloads) is free to use and/or distribute, subject to third party terms.) vs. End Users.</p> <p>Do you believe audit rights should be incorporated within the agreement terms for such institutions?</p>   | <p>As previously replied, RDS strongly supports DSB’s position that the fee model should differentiate between Intermediaries that act as “service facilitators” and those that act for their own purposes.</p> <p>Service facilitators act as processing agents on behalf of their clients. In this respect, all interactions with DSB are initiated by end clients, and not by the facilitator.</p> <p>RDS has signed the same agreements as all other clients and agreed to self-reporting on a quarterly basis as an Intermediary. RDS clients have signed agreements directly with DSB and are subject to respective fees so there is no impact to DSB revenue. In addition, RDS serves as a Level 1 help desk, lowering the cost to DSB of servicing end clients.</p> |
| 12.ii   | <p>Do you have a view on the specific terms you wish to see excluded/included within the user agreement for intermediaries? Please specify exact language and rationale for your proposal.</p>   |   |



**Section 6: AOB**

13

Please insert any other comments you wish to provide