



Derivatives Service Bureau

Industry Views Sought on Proposed Amendments to
Functionality, Data Submission Process, Service Levels,
Service Availability & Cybersecurity in 2020

Consultation Paper 2

5 July 2019

Contents

1	Introduction	4
2	Executive Summary.....	5
3	Consultation Timeline	7
4	Principles.....	8
5	Response Highlights.....	9
5.1	FUNCTIONALITY	10
5.1.1	Q1.1 – CFI CODES FOR EMIR	11
5.1.2	Q1.2 – MAPPING TO MIFID II TAXONOMY.....	15
5.1.3	Q1.3 – DEFAULT VALUES IN ISIN PRODUCT TEMPLATES	17
5.1.4	Q1.4 – UNDERLYING IDENTIFIERS	19
5.1.5	Q1.5 – GUI ENHANCEMENTS	20
5.1.6	Q1.6 – OTHER TECHNICAL ENHANCEMENTS	21
5.2	DATA SUBMISSION ENHANCEMENTS	23
5.2.1	Q2.1(b) – TOOL FOR PROPRIETARY INDEX SUBMISSIONS	24
5.2.2	Q2.1(c) & (d) – SLA FOR PROPRIETARY INDEX	25
5.2.3	Q2.1(e) – AUTOMATED USER SUBMISSION PROCESS	26
5.2.4	Q2.1(f) – MACHINE-READABLE FORMAT FOR PROPRIETARY INDICES.....	27
5.2.5	Q2.2(b) – LEI for CDS SINGLE NAME	28
5.2.6	Q2.2(c) – VALIDATION OF CDS SINGLE NAME	30
5.2.7	Q2.2(d) & (e) – SUPPLEMENTAL DATA FOR ISIN-LEI MAPPING	31
5.2.8	Q2.3 – MAPPING OF INDEX NAMES TO UNDERLYING IDENTIFIERS	33
5.2.9	Q2.4 – DATA REVIEW PROCESS.....	35
5.3	SERVICE LEVELS.....	36
5.3.1	Q3.1 – BULK ISIN CREATION.....	36
5.3.2	Q3.2 – SEARCHABLE ON-LINE UTILITY.....	37
5.3.3	Q3.3 – PHONE BASED SUPPORT.....	38
5.3.4	Q3.4 – PROACTIVE AUP MONITORING	39
5.4	SERVICE AVAILABILITY.....	41
5.4.1	Q4.1 – DOWNTIME WINDOW	41
5.5	CYBERSECURITY.....	43
5.5.1	Q5.1 – GUI MULTI-FACTOR AUTHENTICATION	44
5.5.2	Q5.2 – SECURE SDLC	47
5.5.3	Q5.3 – ISO 27001/2 FOR CYBER BREACH RISK	49

5.5.4	Q5.4 – ISO 27018 ADOPTION FOR PII BREACH RISK	51
5.5.5	Q5.5 – ON-BOARDING OF CISO	52
6	Update on User Fee Survey and Group Wide Agreement Forum	54
7	Appendices.....	58
7.1	Appendix 1 - Cost Basis 2019	58
7.2	Appendix 2 - Principles for Excess Fee Income Redistribution	59
7.3	Appendix 3 - Second Consultation Questions for Industry.....	60

1 Introduction

The Association of National Numbering Agencies (“ANNA”) founded the Derivatives Service Bureau (DSB) for the allocation and maintenance of International Securities Identification Numbers (ISINs), Classification of Financial Instrument (CFI) codes and Financial Instrument Short Names (FISNs) 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.

The European Union’s MiFID II/ MiFIR regulations mandate the use of ISINs to identify certain OTC derivatives, starting 3rd 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)¹. 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, CFI and FISN generated by the DSB is designed to enable users to satisfy obligations under MiFID II and MiFIR, with the capability of an identification hierarchy to be introduced as required by industry, such as UPI². Likewise, the CFI codes provided assist with EMIR Level III reporting to offering a single, consistently generated value that can be absorbed by all users of DSB data.

Over 70% of institutions using the service access the DSB free of cost as Registered Users, 18% Power Users (organizations – including affiliates - with programmatic connectivity), 3% Infrequent Users – including affiliates (GUI connectivity) and 8% Standard Users – including affiliates (GUI connectivity). Amongst fee paying users; banks and credit institutions contribute towards 52% of DSB fees, trading venues contribute 35% with the balance comprised of the buy-side, data vendors and others.

The purpose of this document is to present a summary of industry feedback to the first consultation paper in 2019, related to the Proposed Amendments to Functionality, Data Submission Process, Service Levels, Service Availability & Cybersecurity for the 2020 service provision, and present further information for review and feedback 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/2020-user-fee-and-user-agreement-consultations/>.

¹ As defined in MiFIR

² <https://www.fsb.org/2019/05/fsb-designates-dsb-as-unique-product-identifier-upi-service-provider/>

2 Executive Summary

The DSB serves two distinct categories of users for each of OTC record creation and consumption. Consumers access the DSB for end of day data and/ or search the DSB for all or part of the OTC record which contains the OTC ISIN, the CFI, the FISN and the full set of associated user input and derived attributes.

OTC ISIN creation activity is driven by the sell-side (in terms of the number of OTC ISINs created), with a broader range of data consumers, who comprise over 70% of all firms accessing the DSB's services.

[As the data in Consultation Paper 1 \(CP1\) shows](#)³, 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.

The DSB completed the first round of consultation on 5th June 2019, having sought industry's views on a range of possible enhancements that could be made in 2020. The first consultation examined DSB functionality, data submission aspects, service levels, service availability and cybersecurity, with industry responses [published on the DSB website](#)⁴. Requests for feedback were sent to the DSB's user community, comprising more than 3,100 individuals across 420 organizations.

The DSB received 15 responses representing a total of 19 institutions, with one third of the responses from trade associations - double that in the prior year, a third from institutions seeking anonymity and views from a broad range of industry participants. This suggests increased awareness of and interaction with the DSB from a broader set of industry participants.

Institutional respondents included the buy-side, data vendors, the sell-side, trading venues and other intermediaries. Several members chose to keep their responses anonymous. In the majority of cases, such members belonged to trade associations who also provided their own, sometimes differing, feedback. The DSB has honoured these requests for anonymity in line with standard practice while noting the type of institution at the header of each such response.

Responses to CP1 show that the DSB has become an integrated part of users' business processes, with the DSB receiving significant interest in providing additional OTC derivative reference data related assistance to industry. As with prior years, there is a continued divergence in the needs of the differing constituencies served by the DSB - with many Systematic Internalisers seeking an expansion of DSB product coverage and functionality; and with Trading Venues (in general) not requiring further functionality and instead focusing on the delivery of the existing regulatory mandate in a safe and cost-effective manner.

³ Please refer to pages 6 and 7

⁴ <https://www.anna-dsb.com/2020-user-fee-and-user-agreement-consultations/>

Common themes across many responses included requests for (a) continued stability of service sought from the DSB, (b) a growing focus on obtaining increased efficiencies from user integration with the DSB and (c) a growing focus on cybersecurity. Some users also provided specific comment on amendments sought with respect to the DSB Usage and Access Agreement, a topic to be addressed via the legal agreement consultation process. A draft DSB Access and Usage Agreement will be published on 19th August 2019⁵ with proposed amendments anticipated to take effect from 1st January 2020. Users will have the opportunity to engage with the DSB on a bilateral basis to provide their feedback.

This second consultation opens on 5th July 2019 and will close on 29th July 2019, with a final consultation report to be published on 19th August 2019. The first consultation sought to obtain industry views on a broad range of topics arising from user feedback during the prior 12-month period. This second consultation is intended to summarize the industry responses received and to undertake further consultation to determine appetite for enhancing the DSB's services within the communal cost recovery ring-fence.

This consultation paper mirrors the structure of the first consultation paper, with sections focusing on responses received on functionality, data submission enhancements, service levels and cybersecurity respectively. Each section lists the questions that were asked, the responses and the DSB proposed next steps. Where the proposed next steps will have a cost impact, the associated costs have been itemised to allow industry to understand the cost / benefits associated with each proposal and make a determination on next steps. Further information is available in section 5.

All proposals assume the DSB will follow its standard governance process for implementation. i.e.

- Where matters pertain to DSB product templates and associated matters, the DSB will provide appropriate analysis to the [Product Committee](#) (PC) to determine prioritization and progress accordingly;
- On matters involving DSB infrastructure, workflow and associated matters, the DSB will provide appropriate analysis to the [Technology Advisory Committee](#) (TAC) to obtain their views to ensure that the DSB remains aligned with market feedback as it progresses these items.

In light of the broad spectrum of institutions utilizing the DSB, it is hoped that a representative set of firms will seek to respond to this consultation. All responses should be submitted to the DSB Secretariat at industry_consultation@anna-dsb.com no later than 5pm UTC on Monday 29th July 2019.

An explanatory webinar will be held at 1pm UTC (2pm UK, 3pm CET, 9am EST) on Thursday 11th July 2019. All participants are welcome, with a recording to be made available following the event. Registration is required in advance via [this link](#)⁶.

⁵ Fehler! Verweisquelle konnte nicht gefunden werden.

⁶ <https://anna-dsb-events.webex.com/anna-dsb-events/onstage/g.php?MTID=ec071889618c3b9992bfdbc850cf40e78>

3 Consultation Timeline

Milestone	Date
User fees survey	Mon 4 - Fri 15 Mar 2019
Formation and meeting of the group-wide agreement forum	Mar-Apr 2019
Publication of 1st DSB 2020 consultation document (CP1)	Thu 9 May 2019
1st DSB 2020 consultation webinar - 2pm UK time	Thu 16 May 2019
Industry feedback re CP1	Thu 9 May - Wed 5 Jun 2019
Publication of 2nd DSB 2020 consultation document (CP2)	Fri 5 Jul 2019
2nd DSB 2020 consultation webinar @ 2pm UK time	Thu 11 Jul 2019
Industry feedback re CP2	Fri 5 - Mon 29 Jul 2019
DSB 2020 final consultation report published	Mon 19 Aug 2019
DSB 2020 draft user agreement (UA) publication	Mon 19 Aug 2019
Webinar to accompany draft UA publication @ 2pm UK time	Mon 26 Aug 2019
Deadline for industry feedback on proposed UA changes	Mon 2 Sep 2019
DSB 2020 final user agreement publication	Fri 20 Sep 2019
DSB 2020 final user agreement webinar @ 2pm UK time	Fri 20 Sep 2019

4 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 will provide all 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.</p> <p>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 (http://www.anna-web.org/dsb-product-committee/) 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 will be available to all organizations and users.</p>
Payment in Advance	<p>To the extent possible, the DSB will levy 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>

5 Response Highlights

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 analysis of the feedback and the DSB's proposed next steps. For ease of reference, a summary of all open questions is provided in [Appendix 3](#) of this document.

The first consultation document sought to obtain industry feedback on a total of 25 potential changes to the service, based on user feedback received during the past 12 months. The breakdown of the 25 items is shown below, with full details in subsequent sections.

This second consultation proposes to take 20 of the potential changes forward. 10 of the potential changes have no impact on the DSB's cost base as they are proposed to be undertaken on a business as usual basis (BAU), subject to prioritisation by the PC and the TAC, and 10 of the potential changes will incur incremental costs if industry were to support their implementation.

The table below provides a summary of the costs with further breakdown provided in subsequent sections. The total costs shown in the table will only be incurred if all the proposed changes are supported by industry as part of this consultation and therefore the actual cost impact may be smaller or zero, subject to industry feedback on this second consultation.

As a point of comparison, the 2019 DSB budgeted cost base is €9.14m, with details in section 7.1.

CATEGORY	DROPPED	FURTHER CONSULTATION	TOTAL	COST IMPACT
Functionality	0	6	6	<ul style="list-style-type: none"> 2020: € 30K 2021-2024: €365K pa 2025-: €200K pa
Data Submission Enhancements	2	7	9	<ul style="list-style-type: none"> 2020: € 60K 2021-2024: €155K pa 2025-: € 90K pa
Service Levels	2	2	4	<ul style="list-style-type: none"> 2020: None 2021-2024: €124K pa 2025-: € 60K pa
Service Availability	0	1	1	<ul style="list-style-type: none"> 2020: None
Cyber-Security	1	4	5	<ul style="list-style-type: none"> 2020: €470K 2021-2024: €385K pa 2025-: €335K pa
TOTAL⁷	5	20	25	<ul style="list-style-type: none"> 2020: € 560K 2021-2024: €1,029K pa 2025-: € 685K pa

⁷ The total costs will only be incurred if all the proposed changes are supported by industry as part of this consultation. The actual cost impact may be smaller or zero, subject to industry feedback.

5.1 FUNCTIONALITY

The DSB consulted on 6 proposed enhancements to the service functionality, based on user feedback received in the past 12 months. The responses are summarised below, together with the DSB’s analysis of the responses and proposed next steps.

FUNCTIONALITY		NEXT STEPS	COST IMPACT
5.1.1	CFI Codes for EMIR	Further Consultation	<ul style="list-style-type: none"> • 2020: None • 2021-2024: €260K pa • 2025-: €160K pa
5.1.2	Mapping to MiFID II Taxonomy	Further Consultation	<ul style="list-style-type: none"> • 2020: € 30K pa
5.1.3	Default values in ISIN Templates	Further Consultation	<ul style="list-style-type: none"> • 2020-: None
5.1.4	Underlying Identifiers	Further Consultation	<ul style="list-style-type: none"> • 2020-: None
5.1.5	GUI Enhancements	Further Consultation	<ul style="list-style-type: none"> • 2020: None • 2021-2024: €105K pa • 2025-: € 40K pa
5.1.6	Other Technical Enhancements	Further Consultation	<ul style="list-style-type: none"> • 2020-: None
	TOTAL ⁸		<ul style="list-style-type: none"> • 2020: € 30K • 2021-2024: €365K pa • 2025-: €200K pa

⁸ The total costs will only be incurred if all the proposed changes are supported by industry as part of this consultation. The actual cost impact may be smaller or zero, subject to industry feedback.

5.1.1 Q1.1 – CFI CODES FOR EMIR

CP1 Description: The DSB was originally set up specifically to generate OTC ISINs to meet industry’s needs for MiFID II RTS 22 / 23 transaction reporting.

Some DSB users have expanded their use of the DSB service for additional regulatory purposes such as generation of CFI codes for EMIR reporting. However, the DSB implementation to support EMIR has been ad-hoc and is not comprehensive, given the initial focus on OTC ISIN coverage.

The DSB would therefore like to understand whether industry would like the DSB to provide a comprehensive CFI generation service for all OTC derivative products in scope of EMIR so that CFI codes could be obtained from a central source, without the need to auto-generate the OTC ISIN or the OTC ISIN data record.

CP1 Question: Should the DSB investigate the provision of a service that supports the creation, search and publication of CFI codes for all products in scope of EMIR? Given the wider product scope of EMIR vs MiFID, the DSB envisions such a CFI service to be independent of the existing ISIN generation service.

Industry Responses

The DSB received 14 responses, with a small majority in favour of further exploration as summarised below.

	Yes	No
	8	6
Trade Associations	2	2
DSB Users	6	4

Respondents who did not wish the DSB to provide a CFI service, cited two primary themes:

- a view that commercial service providers should fill the gap in the market need
- that the creation of ISIN and CFI codes should remain linked i.e. that the current approach of expanding the ISIN universe in order to cater for growing CFI needs was acceptable

Respondents who wanted the DSB to investigate the service further, listed the following as some of the benefits of a stand-alone CFI service being provided by the DSB:

- availability of consistent and standardized OTC derivative CFI structure from a single source
- increased efficiencies through automation and distribution based on standardization, as coverage is improved
- reduced matching errors and thus fewer trade breaks in light of the data discrepancies arising where no single CFI data source exists

- d) prevent the unnecessary creation of ISINs by users who are only seeking a CFI code, as the scope of EMIR Level III is broader than that of RTS-23

If a stand-alone expanded CFI service were to be provided, some users stated a preference for current user connections to be leveraged to deliver expanded CFI coverage so that users would not need to create new API and/or GUI accounts to support the additional service.

Analysis of Responses

The feedback demonstrated a clear market need for such a service, but responses also highlighted a series of concerns that would need to be addressed if the DSB were to implement such a service.

Taking the concerns in turn:

- *should the service be provided by the DSB under its cost recovery model or should it be provided by commercial providers?*

The DSB views this question as needing to be addressed by industry via the existing consultation process. The DSB view is that proceeding to implementation within the ISIN cost recovery model should only occur if there is sufficient agreement in industry for implementation using the DSB's existing cost recovery model.

It should be noted that at this stage the DSB does not believe it is in a position to operate a separate standalone fee model for such a service, given that the costs provided below assume a high level of integration with the existing ISIN / CFI service. This in turn means that allocation of costs would become problematic and likely costly to administer and audit, should the new service be treated as standalone. Additionally, the DSB anticipates that any such new model would need to undergo its own fee model consultation which entails its own overheads and timelines, as well as addressing complications such as how to allocate costs fairly on the initial user base during service ramp-up.

- *Should CFI creation be linked to ISIN creation?*

The DSB acknowledges the operational benefits of the existing linkage for any user wishing to search or create an ISIN. The DSB intends to preserve this linkage even if a standalone CFI service were to be implemented, in order to preserve the operational synergies such linkage provides.

The question the DSB is looking to address is whether an additional standalone service should be also be provided that allows CFI creation and search for OTC product templates in scope of EMIR transaction reporting i.e. beyond those serviced by the DSB's current approach which is focused on MiFID II reference data reporting obligations. The anticipated benefits of such a service is to the more complete asset class coverage that such a service can provide.

- *Can current user connections to be leveraged to deliver expanded CFI coverage so that users would not need to create new API and/or GUI accounts?*

The DSB agrees with the suggestion in user responses to leverage existing connections in order to maximise operational efficiencies and minimise industry effort to establish connectivity. If the service were to proceed, the DSB would move forward on this basis.

Additionally, the DSB proposes the PC and the TAC to be involved in the review of the design of the service to ensure an optimal approach for market participants.

Reviewing the list of concerns listed above, the DSB believes that all but one concern can be addressed as part of the implementation of the service. The exception is the question of whether the DSB should provide this service or whether such a service is best left to commercial operators. The DSB believes this question should be addressed by industry and therefore proposes to consult on this point.

DSB Proposal for Next Steps

The DSB has provided costings for the service in this section in order to allow industry to make an informed decision on whether the DSB should provide such a service under the ISO cost-recovery principles, or whether industry prefers to receive such a service from commercial operators.

The DSB proposes two next steps, allowing users to determine whether and how to progress:

- a) conduct analysis to document the expanded product coverage at launch, associated workflows and technology impact – overseen by the DSB PC and TAC as relevant (details below)
- b) proceed with implementation unless the analysis determines that forecast costs may be exceeded

Cost estimates:

- a) Capex: €40k analysis in 2020
- b) Capex: €360k for the build cost in 2020
- c) Opex: €160k annual run cost from 2021

Impact on DSB total costs: None in 2020⁹; €260K in 2021-24¹⁰ (<3% increase in costs); €160K from 2025 onwards (<2% increase in costs)

a) Analysis Phase

The analysis for the service would be conducted in collaboration with both the PC and the TAC (for product and technology aspects respectively) to ensure appropriate industry participation in shaping the outcome and determining additional EMIR products and workflows.

The output of the analysis phase would include information about the expected initial product set, required workflows, an overview of the implementation model and confirmation of whether the service could be delivered within the forecast costs set out above.

The analysis would require some level of additional DSB resources in light of the DSB's significant BAU work to support the existing PC and TAC deliverables alongside ongoing data quality analysis

⁹ Capital expenditure in the year it is incurred will be funded by the DSB's financial sustainability margin and not from additional user fees.

¹⁰ Capital expenditure is amortized over 4 years, starting from the year after the service goes live. Operating expenditure is included from the year after the service goes live. Before this point, costs are treated as part of the capital expenditure already shown

and review work. By leveraging the existing DSB PC and TAC governance frameworks, the incremental cost to perform the detailed analysis can be kept to €40k.

This effort would be treated as 2020 capital expenditure funded by the DSB's financial sustainability margin. As per the existing DSB cost recovery fee model, this cost would be amortized over 4 years starting from 2021, after which the capital expenditure element would drop off the DSB's cost base.

b) Implementation Phase

The DSB anticipates that users would be able to leverage their existing connections to create and/or search for CFI codes using the GUI or FIX API or REST APIs. It is likely that messages would be required to support the search, creation and publication of CFI codes, with accompanying acceptable use caps. The detailed technical design and implementation considerations would be finalised in agreement with the DSB TAC, in order to provide industry with appropriate input into the service.

The DSB anticipates the cost of developing, testing and implementing the new service to be €360k, after which the service would move into business-as-usual operational mode.

This effort would be treated as 2020 capital expenditure funded by the DSB's financial sustainability margin. As per the existing DSB cost recovery fee model, this cost would be amortized over 4 years starting from 2021, after which the capital expenditure element would drop off the DSB's cost base.

In the event that the analysis phase determines that build cost or run cost is expected to exceed the amounts set out in this document, the DSB commits that it will seek further industry input before progressing with implementation.

c) Annual Run Cost

The DSB anticipates annual run costs of €160k, which includes infrastructure costs and the cost of supporting the service, including all associated overheads such as financial sustainability margin.

CP2 Question 1:

- Given the approach and cost estimates provided by the DSB in this consultation, and bearing in mind that these costs would be shared across the DSB's user base as per the DSB's existing fee model, do you believe it is appropriate for the DSB to provide a CFI service to act as the golden source of CFI codes for all EMIR Level III products, or should such a service be left to commercial operators?

5.1.2 Q1.2 – MAPPING TO MIFID II TAXONOMY

CP1 Description: Users have integrated with the DSB service at varying points in the trading lifecycle from pre-trade through to post-trade, regulatory only purposes.

Some DSB users have requested that the DSB maintain and publish the mapping between each DSB product template and the associated sub-asset class as specified by the ESMA MiFID II taxonomy.

Such a service would provide a central data source for OTC derivatives users and could be maintained on an ongoing basis as new OTC derivative templates were added to the DSB (for ISIN or CFI purposes) – for use in either machine readable and/or human readable contexts.

CP1 Question: Where users are programmatically integrated into the DSB and seek to map data across a variety of regulatory reporting related needs, should the DSB investigate provision of (machine and human) readable mapping between DSB product definition templates and the ESMA MIFID II taxonomy’s sub-asset classes?

Industry Responses

The responses received to the question posed in the first consultation are set out below

	Yes	No
	9	5
Trade Associations	3	1
DSB Users	6	4

A majority of respondents requested that the DSB investigate provision of a mapping between DSB product templates and MiFID II taxonomy. Respondents who wished the DSB to investigate further, noted the following benefits to industry:

- provision of this type of mapping would deliver improved transparency and assist end users in choosing the appropriate DSB template for a given asset/sub-asset class as categorized in RTS-2 of MiFID II
- address the current industry gap between market participants and data vendors – at source i.e. at the DSB
- deliver downstream benefits in areas such as liquidity assessments, SI Calculation data and reportability decision-making processes

One respondent requested that the DSB investigate the inclusion of asset and sub-asset classes details, not only in the OTC derivatives services but in all products within the scope of MiFID II.

Some respondents noted benefits from such a service, with a proposal that all DSB users be charged for access to this service, rather than just the DSB’s current fee-paying users.

Notably, some respondents who did not wish the DSB to progress with the service suggested that although there was merit in the exercise the DSB should not progress because industry use cases reach to global third country regulatory reporting requirements and are not constricted to the EU. This suggests an unmet industry need in the form of a mapping utility, with questions about whether and how to address any third country concerns.

Analysis of Responses

The DSB notes the general interest in such a mapping between ISIN and MiFID II Taxonomy, but is also mindful of the negative responses, which focused on having further clarity on cost and value.

DSB Proposed Next Steps

In light of industry interest, the DSB proposes to undertake time-boxed analysis for a period of six months, with direct industry input via the DSB PC and TAC.

The DSB PC sub-committee (with industry experts) will assist in determining how a mapping could be both created and maintained, with the DSB TAC determining how best to facilitate distribution and publication of mapping data, alongside existing DSB MiFID II product templates.

In conjunction with producing workflows and output format, the analysis will also determine best approach for low-cost implementation and maintenance through the involvement of the DSB TAC. The DSB anticipates requiring dedicated resources to support the work, in view of the significant BAU work to support the existing PC and TAC deliverables alongside ongoing data quality analysis and review work.

Cost estimates:

- a) Opex: €30k in 2020

Impact on DSB total costs: €30K in 2020 (<0.5% increase in costs); None from 2021 onwards

CP2 Question 2(a): Do you concur with the DSB’s proposal to perform the analysis for MiFID II Taxonomy mapping?

CP2 Question 2(b): If you answered “yes” to the question above, do you want the DSB analysis to address all products under MiFID II RTS-2 scope or just OTC derivatives in scope of the DSB?

5.1.3 Q1.3 – DEFAULT VALUES IN ISIN PRODUCT TEMPLATES

CP1 Question: Do you consider that the use of default values is helpful in the creation of ISINs by the DSB?

Industry Responses

The responses received to the question posed in the first consultation are set out below.

	Yes	No
	6	5
Trade Associations	1	
DSB Users	5	5

There was mixed feedback on whether default values were helpful in DSB templates, with a slight preference for the retention of default values in DSB Product Definition templates. The respondents who were interested in enhancing the current default value functionality offered a wide variety of reasons and suggestions, including:

- possibly use defaulted values on normal templates and only allow changing those in non-standard templates or removal of defaulted values all together
- discrepancies within the Rates space and the misuse of delivery type among market participants
- absence of cash v physical or multicurrency NDF settlement types and currencies may cause mismatched ISIN selection between trading venues and market participants

Analysis of Responses

The DSB notes the mixed responses, containing a wide variety of rationale. This leads the DSB to conclude that whilst there is clearly some interest in enhancing the current model, there is no consensus on the main issues to be tackled. Furthermore, the views of the sizeable number of respondents who saw no need for any further action also needs to be taken into consideration.

DSB Proposed Next Steps

Given the disparity of views the DSB therefore proposes to work with industry participants at the PC to review on a case by case basis as part of its business as usual (subject to PC prioritization) as user requests arise via the [DSB Challenge Process](#).

As the process is subject to PC prioritization, the effort can be funnelled into existing business as usual resources of the PC secretariat. Therefore, there is no resource and cost impact, noting that the work itself may not be prioritized if the PC secretariat is utilised on other PC-related activity.

CP2 Question 3: Do you concur with the DSB's proposal to utilise the DSB Challenge Process and existing PC secretariat resourcing to manage default value population within the product templates?

5.1.4 Q1.4 – UNDERLYING IDENTIFIERS

CP1 Question: Do you consider that the underlying identifiers made available by the DSB are sufficient for the OTC ISINs that need to be created or accessed by your institution?

Industry Responses

The responses received to the question posed in the first consultation are set out below.

	Yes	No
	7	2
Trade Associations	2	1
DSB Users	5	1

A clear majority of respondents stated that they were broadly satisfied with the list of underlying identifiers currently available when creating OTC derivative identifiers via the DSB.

Some users noted that they would wish to see enhanced DSB support for US indices (equities), additional commodities indices and support for OTC derivatives on digital assets.

Some buy-side respondents noted the importance of the use of financial instrument reference data required in regulatory reporting (e.g. EMIR, MiFIR) being free of any user licenses along the whole value chain of asset management as provided for by the FSB in case of LEI.

Analysis of Responses

The DSB already supports the principle of free and open data through its policies. The OTC derivative reference data record is available for use by industry, without requiring data consumers of end of day files to have to execute a DSB User Agreement.

DSB Proposed Next Steps

The DSB proposes to work with the PC to review each of the requests for additional underlying data made above on a case by case basis as part of its business as usual (subject to PC prioritization) and provide updates to the user community in due course.

The implication of this model is that no ring-fenced resources are available to progress this initiative, and the work itself is dependent on prioritisation by the PC relative to the full set of business as usual requests being considered by PC.

CP2 Question 4: Do you concur with the DSB's proposal to utilise existing PC secretariat resources to manage requests for additional underlying data such as US equities?

5.1.5 Q1.5 – GUI ENHANCEMENTS

CP1 Question: Should the DSB investigate the enhancement of its web-based GUI to allow non-technical users to search for ISINs by any attribute across any product template?

Industry Responses

The responses received to the question posed in the first consultation are set out below.

	Yes	No
	7	5
Trade Associations	3	
DSB Users	4	5

There was a mixed response to this question, with a slight majority in favour of providing better functionality, and a significant minority composed of trading venues seeing no need for any further capabilities

Of those who were supportive, the focus was on making search queries more user-friendly and to simplify access to required regulatory information. Some specific examples provided as part of the consultation responses included requests to filter searches by asset class, by product type, by creation date and by last update date.

Analysis of Responses

The consultation responses were reviewed at the 18 June TAC meeting, and there was general consensus that the focus of any GUI enhancement should be on users who access the DSB's services on an occasional basis. The TAC saw less need for the provision of GUI services to cater for high volume users, as the TAC felt that such users should be relying on the DSB's API services instead.

The TAC concluded that the focus of any GUI enhancement should be on easy-to-use search functionality with a limited set of commonly requested search criteria.

One example provided by a TAC member was to implement an easy-to-use mechanism to return the ISIN record itself and not the ISIN records of derivatives on that ISIN.

DSB Proposed Next Steps

The DSB proposes to implement a limited set of search filters based on the feedback provided in CP1, liaising with the PC and the TAC to finalise the set of filters and reach agreement on the implementation approach.

Anticipated costs are provided below, based on implementing the examples provided in the CP1 feedback listed in this document and also the TAC example:

- a) Capex: €60k, to support liaison with PC and TAC to finalise functionality and technical design
- b) Capex: €200k for the build cost

c) Opex: €40k annual run cost (infrastructure + support staff) from 2021

Impact on DSB total costs: None in 2020; €105K in 2021-24 (<1.2%); €40K from 2025 onwards (<0.4%)

CP2 Question 5: Do you concur with the DSB’s proposal to implement a minimal set of search filters targeting non-technical users?

5.1.6 Q1.6 – OTHER TECHNICAL ENHANCEMENTS

CP1 Question: Do you think that the DSB service should be reviewed in order to examine any additional technical enhancements that could be made to facilitate enhanced and/or more efficient integration?

Industry Responses

The responses received to the question posed in the first consultation are set out below

	Yes	No
	5	6
Trade Associations		1
DSB Users	5	5

There was a mixed response to this question, with a slight majority not seeing any need for a substantial review of the DSB service to identify potential technical enhancements, with stability of the service stated as a primary factor where responses were provided.

One respondent requested that the DSB should be able to process and auto-normalize attributes submitted at the time of ISIN creation such that if User 1 submitted an FX Forward with GBP and USD as the currency pair and User 2 submitted an FX Forward with USD followed by GBP as the two currencies, the DSB should be able to normalize the input and create a single ISIN and/or CFI code irrespective of order in which the two currencies in an FX Forward may be received.

Other users specifically requested:

- enhancements to cater for the introduction of a transition period to reduce impact of non-backwardly compatible changes where possible
- the removal of enumerations from core code (work in progress, with core PC feedback already submitted to the TAC and an extended UAT period to commence in Q4 2019)
- consistent tracking of schema versions when new templates were released

Analysis of Responses

With respect to the request for auto-normalization of attributes, the DSB is pleased to confirm that it currently follows this process, thus ensuring that duplicate ISINs are not produced due to normalization errors when two currencies are submitted to create an OTC ISIN. The user response suggests that there may be benefits in wider communication of existing DSB functionality and the DSB will work with the PC to determine the optimal means of communicating such information to users.

On the matter of the 3 specific user requests received as part of this consultation, listed above, the DSB believes there may be a case for reviewing each scenario in more detail.

DSB Proposed Next Steps

The DSB proposes to work with the TAC utilising existing TAC secretariat resources to determine how best to progress the three specific examples listed above. There is no cost impact given the use of existing resources, with the corollary that the investigation is subject to TAC prioritization.

CP2 Question 6: Do you concur with the DSB's proposal to utilise existing TAC resources to address the identified concerns as part of the DSB's business as usual resourcing?

5.2 DATA SUBMISSION ENHANCEMENTS

The DSB consulted on 9 proposed enhancements to enhance the submission of data to the DSB, based on user feedback received in the past 12 months. The responses are summarised below, together with the DSB's analysis of the responses and proposed next steps.

DATA SUBMISSION ENHANCEMENTS		NEXT STEPS	COST IMPACT	
5.2.1	Tool for Proprietary Index Submissions	None	• 2020-:	None
5.2.2	SLA for Proprietary Index Submissions	None	• 2020-:	None
5.2.3	Automated User Submission Process	Further Consultation	• 2020-:	None
5.2.4	Machine-Readable Format for Proprietary Indices	Further Consultation	• 2020-:	None
5.2.5	LEI for CDS Single Name	Further Consultation	• 2020: • 2021-24: • 2025-:	None €155K pa € 90K pa
5.2.6	Validation of CDS Single Name	Further Consultation	• 2020-:	None
5.2.7	Supplemental Data for ISIN-LEI Mapping	Further Consultation	• 2020-:	None
5.2.8	Mapping of Index Names to Underlying Identifiers	Further Consultation	• 2020: • 2021-:	€60K None
5.2.9	Data Review Process	Further Consultation	• 2020-:	None
	TOTAL ¹¹		• 2020: • 2021-2024: • 2025-:	€ 60K €155K pa € 90K pa

¹¹ The total costs will only be incurred if all the proposed changes are supported by industry as part of this consultation. The actual cost impact may be smaller or zero, subject to industry feedback.

5.2.1 Q2.1(b) – TOOL FOR PROPRIETARY INDEX SUBMISSIONS

CP1 Question: The DSB currently supports a workflow that ensures that a Proprietary Index will be made available for the creation of OTC ISINs a maximum of 24 hours (if the request is submitted on a business day) following receipt of the initiating request.

Do you want the DSB to investigate the creation of a tool to ensure that the submitted information can be easily amended if changes are required by an institution and the underlying data element has not been used to create an OTC ISIN?

Any amendments to the list (once available in the DSB’s Production systems, but where the underlying index in question has not been used in the creation of an OTC derivative product record) require between two to four weeks to allow for code changes ahead of implementation.

This would enable users to have changes available in a few days rather than the current 2 to 4-week process.

Industry Responses

Only 4 responses were received to the question posed in the first consultation, as set out below:

	Yes	No
	1	3
Trade Associations		1
DSB Users	1	2

Out of the few users that provided a response, the majority did not see a need for the DSB to create a tool to enhance the proprietary index submission process in a way that would allow for changes to be more easily supported.

Analysis of Responses

The combination of low number of respondents and majority negative responses leads the DSB to believe that there is no industry interest in a tool to enhance the proprietary index submission process within the DSB’s cost recovery mandate.

DSB Proposed Next Steps

No further action to be taken.

CP2 Question 7: Do you concur with the DSB’s proposal to take no further action on a tool to enhance the proprietary index submission process?

5.2.2 Q2.1(c) & (d) – SLA FOR PROPRIETARY INDEX

CP1 Question 2.1 (c): Is there a need to reduce the proprietary index SLA to under 24 hours?

CP1 Question 2.1 (d): If yes to 2.1c, what is the required time. Use Cases to support this?

Industry Responses

Only 6 responses were received to the question posed in the first consultation, as set out below:

	Yes	No
	2	4
Trade Associations	1	1
DSB Users	1	3

Out of the few users that provided a response, the majority did not see a need for the current proprietary index submission and availability processes to be enhanced in order to make the indices available to users in a more responsive manner.

Analysis of Responses

The combination of low number of respondents and majority negative responses leads the DSB to believe there is little industry interest in reducing the associated SLA.

DSB Proposed Next Steps

No further action to be taken.

CP2 Question 8: Do you concur with the DSB's proposal to keep unchanged the SLA for proprietary index submissions?

5.2.3 Q2.1(e) – AUTOMATED USER SUBMISSION PROCESS

CP1 Question: Do you want the DSB to investigate the provision of an automated user submission process?

Industry Responses

Only 2 responses were received to the question posed in the first consultation, as set out below:

	Yes	No
	2	0
Trade Associations		
DSB Users	2	

The few users that provided a response were in favour of the provision of an automated user submission process.

Analysis of Responses

The DSB notes the low number of respondents but is also mindful that the 2 respondents were both in favour of an automated submission process, given its potential to lower costs and data transcription errors.

In the light of this, the DSB believes this question should be presented to the TAC for prioritization as part of business as usual activities, with existing TAC secretariat resources.

DSB Proposed Next Steps

DSB to ask TAC to consider prioritization vs other on-going activities.

CP2 Question 9: Do you concur with the DSB’s proposal to investigate the provision of an automated user submissions process as part of the DSB’s business as usual resourcing and prioritisation?

5.2.4 Q2.1(f) – MACHINE-READABLE FORMAT FOR PROPRIETARY INDICES

CP1 Question: Do you want the DSB to investigate the automated provision of the full list of proprietary indices in a machine-readable format?

Industry Responses

Only 2 responses were received to the question posed in the first consultation, as set out below:

	Yes	No
	2	0
Trade Associations		
DSB Users	2	

The few users that provided a response were in favour of the production of a machine-readable format.

Analysis of Responses

The DSB notes the low number of respondents but is also mindful that both respondents were in favour of the creation of a machine-readable format, given its potential to lower costs to industry and lower data transcription errors.

In the light of this, the DSB believes this question should be presented to the TAC for prioritization as part of business as usual activities, with existing TAC secretariat resources.

DSB Proposed Next Steps

DSB to ask TAC to consider prioritization vs other on-going activities.

CP2 Question 10: Do you concur with the DSB's proposal to investigate the automated provision of the full of list proprietary indices in a machine-readable format as part of the DSB's business as usual resourcing and prioritisation?

5.2.5 Q2.2(b) – LEI for CDS SINGLE NAME

CP1 Question: Where a user submits an underlying ISIN for a credit default swap, do you want the DSB to investigate connecting to the new LEI-ISIN mapping API in order to also provide the LEI (in all instances where it is available) as part of the associated OTC ISIN record?

Industry Responses

The responses received to the question posed in the first consultation are set out below

	Yes	No
	10	0
Trade Associations	4	
DSB Users	6	

All respondents requested that the DSB investigate development of a link between the DSB and the ISIN-LEI service in order to provide the LEI in all instances where it is available.

Users seeking additional information noted that it would be desirable to link a single name Credit Default Swaps' (CDS) underlying reference bond's ISIN to the bond's issuer LEI within DSB product templates, to assist end users to investigate discrepancies where the same product has two different ISINs because one counterparty uses the LEI as the Reference Obligation but the other uses the ISIN of the specific bond.

Analysis of Responses

The DSB believes there is sufficient interest in implementation of this service, assuming costs are in-line with industry expectations. The DSB will provide cost figures within this document in order to allow industry to make an informed decision on implementation.

DSB Proposed Next Steps

The DSB has provided costings for the service in this section in order to allow industry to make an informed decision on whether the DSB should provide such a service under the ISO cost-recovery principles.

Cost estimates:

- a) Capex: €60k analysis in 2020
- b) Capex: €200k for the build cost in 2020
- c) Opex: €90k annual run cost from 2021

Impact on DSB total costs: None in 2020¹²; €155K in 2021-24¹³ (<2% increase in costs); €90K from 2025 onwards (<1.2% increase in costs)

a) Analysis Phase

The DSB would perform business and technical analysis to document the specific workflows required to source, integrate and publish the additional information in DSB CDS product templates. The DSB would work with the PC and the TAC to determine the best mechanism to leverage the LEI-ISIN mapping service in order to enrich the CDS OTC-ISIN record with the LEI in all instances where it is available.

The analysis would provide information about any updates to historical reference data records to reflect the LEI where available, and also forward-looking integration at the point of ISIN creation. Analysis would also provide for information about the infrastructure, one-off development and deployment costs and annual run cost to support the service.

Work would be time-boxed to six months in order to provide a defined timeline to implementation.

b) Implementation Phase

The DSB forecasts development cost of €200k, including all overheads such as infrastructure, development and testing costs and the financial sustainability margin.

c) Annual Run Costs

The DSB forecasts on-going annual costs of €90k. This figure includes a provision of 0.5 FTE to support the data quality questions that may arise as a result of integration to the third-party data source as well as all overheads such as infrastructure, system support costs and the financial sustainability margin.

The DSB commits that it will not progress implementation without prior industry input, in the event the analysis determines that build cost or run cost is expected to exceed the amounts set out in this document.

CP2 Question 11: Do you concur with the DSB's proposal for the build of the LEI-ISIN mapping service for CDS single names?

¹² Capital expenditure in the year it is incurred will be funded by the DSB's financial sustainability margin and not from additional user fees.

¹³ Capital expenditure is amortized over 4 years, starting from the year after the service goes live. Operating expenditure is included from the year after the service goes live. Before this point, costs are treated as part of the capital expenditure already shown

5.2.6 Q2.2(c) – VALIDATION OF CDS SINGLE NAME

CP1 Description: Users have suggested that the DSB should leverage the recently developed ISIN-LEI mapping facility to support data submission for Credit Default Swaps (CDS), so that use of the DSB’s Corporate CDS product template only allows underlying corporate bond ISINs to be input by users. The same principle also extends to the use of each of the Municipal and Sovereign CDS product templates.

Such an enhancement would mean that a user attempting to create a Corporate CDS would not be able to submit an underlying bond ISIN associated with a LEI mapped to a sovereign issuer.

CP1 Question: Do you want the DSB to investigate the provision of supplemental data alongside that contained in the new LEI-ISIN mapping API in order to systematically validate whether the underlying ISIN provided by the user at the time of ISIN creation maps to the type of reference data, the user is seeking to create?

Industry Responses

The responses received to the question posed in the first consultation are set out below.

	Yes	No
	9	0
Trade Associations	3	
DSB Users	6	

Most respondents welcomed further efforts to improve data quality, with some noting that the impact of using an inappropriate DSB product template is the creation of an inappropriate CFI code and badly defined ISINs.

Users requested that further analysis be undertaken to determine the proportion of OTC ISINs that are subject to these types of errors.

Analysis of Responses

The DSB views the user requests for further analysis as being achievable with existing DSB business as usual resources and will therefore look to progress the suggested analysis as part of the existing PC secretariat, subject to prioritisation by the PC.

DSB Proposed Next Steps

The DSB proposes to examine the number of CDS Single Name ISINs that have been incorrectly created i.e. where the issuer type of the underlying bond does not match the DSB product template selected and work with the PC to determine next steps, if any.

The range of possible next steps are likely to include guidance on appropriate product template selection, validation vs. underlying issuer type (if available), etc.

CP2 Question 12: Do you concur with the DSB’s proposal to examine the number of CDS Single Name ISINs that have been incorrectly created and work with the PC to determine next steps, if any?

5.2.7 Q2.2(d) & (e) – SUPPLEMENTAL DATA FOR ISIN-LEI MAPPING

CP1 Question 2.2(d): Do you need the DSB to investigate the provision of any other supplemental data that leverages the new ISIN-LEI facility, in order to facilitate your firm’s OTC derivative related processes – either pre or post trade?

CP1 Question 2.2(e): If yes to 2.2d, please provide specific examples

Industry Responses

The responses received to the question posed in the first consultation are set out below:

	Yes	No
	7	2
Trade Associations	3	
DSB Users	4	2

The majority of respondents who provided an opinion were supportive of further investigation of supplemental data, citing a range of specific examples. A minority group did not wish the DSB to investigate this aspect further.

The following examples were cited by respondents, seeking to leverage the ISIN-LEI link with a view to streamlining access to other data in the public domain that might be helpful in the course of derivatives data processing:

- a) accessing via a single source, the issuer LEI attached to each (relevant) ISIN and processing it internally within the user’s systems which would then rearrange the data to have the list of all ISINs under one issuer
- b) getting from one source this “pre-packaged” list of ALL ISINs of a particular bond type category under one LEI OR the list of ALL ISINs of a particular Structured Finance Products (SFPs) under one LEI. For convertible bonds this would provide the underlying ISIN for a

given OTC derivative, alongside with the underlying issuer (LEI) and total issued nominal amount

- c) LEI-ISIN mapping facility for bonds and SFPs including identifying which bond/SFP issuer LEI exists for any given ISIN and vice versa to help determine all the ISINs under each bond/SFP issuer LEI
- d) Another enhancement to the ISIN and LEI relationship could be obtained through an extra mapping between LEI & MIC codes (Operating & Segment)

Analysis of Responses

In light of the number of specific examples cited by respondents as being helpful for the DSB to investigate further, the DSB believes further analysis is beneficial and proposes that the PC examine the proposals above and determine if there are specific (relevant) workflows the DSB should support as a central utility.

In the event the industry analysis concludes that there were tangible next steps for the DSB to progress, the results of the analysis would be presented to industry for determination of next steps. . Furthermore, on the assumption that industry agrees for the DSB to implement the LEI-ISIN mapping as per CP1 Q2.2(b) & (c), there may be benefits in performing such analysis after the analysis of the core functionality provided in CP1 Q2.2(b) & (c), so that the experience gained from the initial evaluation can be leveraged in the subsequent analysis.

DSB Proposed Next Steps

The DSB views the user requests for further analysis as being achievable with existing DSB business as usual resources and will therefore look to progress the suggested analysis as part of the existing PC secretariat, subject to prioritisation by the PC.

CP2 Question 13: Do you concur with the DSB's proposal to perform initial analysis to further explore the supplemental data examples cited by users as part of the DSB's business as usual resourcing and prioritisation?

5.2.8 Q2.3 – MAPPING OF INDEX NAMES TO UNDERLYING IDENTIFIERS

CP1 Description: Mapping of index and/or reference rate names and underlying identifiers where these are available

Currently, DSB users create OTC ISINs and CFI codes for index and/or reference rate related derivatives by selecting the name of the reference rate and/or underlying index, but frequently report an underlying identifier (usually the underlying ISIN) in the records submitted to regulators.

The DSB currently maps underlying equity index names to associated ISINs – based on ad-hoc user feedback and updates. Where an underlying ISIN mapping exists, the DSB converts the underlying index name into the relevant underlying ISIN, so that only the underlying ISIN is available in the OTC ISIN record.

The current process requires that users searching for OTC derivatives on an index need to be aware of the associated underlying ISIN and search for both the index name and the underlying ISIN in order to identify whether the relevant OTC derivative data record exists in the DSB database.

The DSB has received user requests to proactively support systematic mapping (and publication) that would allow users creating an OTC derivative ISIN or CFI code to be able to consistently submit either the underlying index identifier or the name, with the DSB mapping between the two to ensure that only a single valid OTC derivative product record is created in each instance.

CP1 Question:

- a) Does your firm use the DSB to create and/or search for OTC ISIN data for derivatives with an index and/or reference rate as an underlying instrument?
- b) If you answered “yes” to (a) above - should the DSB investigate provision of links to sources that might assist with mapping between the underlying index/reference rate names?

If you answered “yes” to (b) above – do you have a view on which identifiers should be used to assist with the mapping process and the most appropriate source of each identifier?

Industry Responses

The responses received to the question posed in the first consultation are set out below

	Yes	No
	9	0
Trade Associations	4	
DSB Users	5	

All respondents who expressed a view supported further investigation of underlying index and/or reference rate names – with a focus on indices – where these are available.

The general view was that there should only be a single version of the ISIN where the underlying is the same, rather than one ISIN where the underlying is identified by name and one ISIN where its identified with a code. The name and identifier should be synonymous so that using either in a query would return the identical OTC ISIN.

There was also a view that the DSB should seek to provide a more comprehensive list of underlying indices to users, to better align with market practice. Respondents suggested various sources of index data including Bloomberg, ICE Data Services, Reuters, National Numbering Agencies, etc.).

Analysis of Responses

Given the clear demand from industry for a mapping service between index names to underlying identifiers, the DSB proposes to progress this analysis. Unfortunately, not enough is known about potential implementation costs for the DSB to be able to provide such figures. Therefore, the DSB believes the next steps should be to perform an initial analysis that articulates the potential benefits and the costs, so that industry can make an informed decision once the information is available.

DSB Proposed Next Steps

The DSB proposes to perform the business and technical analysis, working with the PC to identify the specific asset classes that industry wishes the DSB to focus on, identification of the desired data sources, an examination of the workflows to integrate the additional data into DSB product templates and the effort to implement a solution to allow publication of the data in OTC derivative reference data records.

The DSB also proposes to work with the TAC in order to determine the relevant technology requirements.

This period of analysis will require additional DSB resource, in light of the already significant DSB BAU schedule. Cost estimates:

- a) Opex: €60k analysis in 2020

Impact on DSB total costs: €60k in 2020 (<1% increase in total costs); None from 2021 onwards

CP2 Question 14: Do you concur with the DSB's proposal to perform the business and technical analysis on the mapping of index names to underlying identifiers?

5.2.9 Q2.4 – DATA REVIEW PROCESS

CP1 Question: Do you wish the DSB to prioritize particular aspects of the review process? If yes, please provide specific examples

Industry Responses

The responses received to the question posed in the first consultation are set out below.

	Yes	No
	4	4
Trade Associations		
DSB Users	4	4

Out of the 8 respondents, opinion was evenly split on whether they wished any data review process to commence.

Areas where respondents wished the DSB to focus its data review efforts included:

- Add a tag to show which OTC interest rate derivatives are forward starting, once the [DSB's enhancements to RTS-23.Field41](#) have been implemented
- Increase efforts to review data quality input by users, in particular, their use of the delivery type and IR term of contract attributes
- Provide guidance on the use of reference rate term unit and common normalization methodologies

Analysis of Responses

Given the mixed responses, the DSB believes this issue is not urgent although some of the specific examples cited are useful input for the PC to consider as part of any review of data quality.

DSB Proposed Next Steps

The DSB proposes to work with the PC to review each of the requests for additional underlying data made above on a case by case basis as part of its business as usual (subject to PC prioritization) and provide updates to the user community in due course.

CP2 Question 15: Do you concur with the DSB's proposal to work with the PC to review each of the requests for additional underlying data made above on a case by case basis as part of its business as usual operations?

5.3 SERVICE LEVELS

The DSB consulted on 4 proposed enhancements to service levels, based on user feedback received in the past 12 months. The responses are summarised below, together with the DSB's analysis of the responses and proposed next steps.

SERVICE LEVELS		NEXT STEPS	COST IMPACT	
5.3.1	Bulk ISIN Creation	None	• 2020-:	None
5.3.2	Searchable On-Line Utility	Further Consultation	• 2020-:	None
5.3.3	Phone-Based Support	None	• 2020-:	None
5.3.4	Proactive AUP Monitoring - Core	Further Consultation	• 2020:	None
			• 2021-2024:	€82.5K pa
			• 2025-:	€40K pa
5.3.4	Proactive AUP Monitoring - API	Further Consultation	• 2020:	None
			• 2021-2024:	€41.25K pa
			• 2025-:	€20K pa
	TOTAL ¹⁴		• 2020:	None
			• 2021-2024:	€123.75K pa
			• 2025-:	€60K pa

5.3.1 Q3.1 – BULK ISIN CREATION

Industry Responses

CP1 Question: Is the creation of one OTC ISIN at a time satisfactory

Only two responses were received to the question posed in the first consultation, as set out below:

	Yes	No
	2	0
Trade Associations	1	
DSB Users	1	

The few users that provided a response were in happy with the creation of one OTC ISIN at a time.

Analysis of Responses

¹⁴ The total costs will only be incurred if all the proposed changes are supported by industry as part of this consultation. The actual cost impact may be smaller or zero, subject to industry feedback.

The DSB notes the low number of respondents but is also mindful that both respondents were not in favour of investigating the implementation of a bulk ISIN creation service.

However, the TAC in its 18 June meeting formed the view that DSB users should be guided to the DSB's API service where high volume activity was anticipated. In the light of the TAC's views and the receipt of only 2 respondents, the DSB does not believe there is sufficient justification to focus on bulk ISIN creation within the DSB's cost recovery framework.

DSB Proposed Next Steps

No further action to be taken.

CP2 Question 16: Do you concur with the DSB's proposal to drop further analysis on bulk ISIN creation?

5.3.2 Q3.2 – SEARCHABLE ON-LINE UTILITY

CP1 Question: The DSB currently provides product documentation (attributes, enumerated values, normalization rules, indices, etc.) across several pdf documents that are available to download through the DSB website. Do you believe that making this information available through a searchable on-line utility would be of benefit to the user experience?

Industry Responses

The responses received to the question posed in the first consultation are set out below:

	Yes	No
	9	3
Trade Associations	2	0
DSB Users	7	3

Respondents were broadly in favour of having access to an on-line searchable utility.

Those that supported the idea of a searchable online utility saw the following benefits if they could be delivered in a cost-effective manner:

- Identifying which templates to use for specific products
- Simple search by parameters and reference rates/indices
- A central database for all DSB product attributes, enumerated values and normalization rules
- Allow for ease of comparison between RTS-23 and DSB product definitions

Those against the idea noted that the existing approach to documentation serves its intended purpose, provided it remains continually updated.

Analysis of Responses

There is evidence of interest for such a utility to simplify user access to DSB information, but any decision to progress this work should be mindful that existing documentation already provides the same information albeit in a less accessible manner.

DSB Proposed Next Steps

The DSB proposes to work with the TAC and PC to agree an appropriate design and functionality, alongside a cost and benefit analysis for inclusion in the DSB's annual consultation in 2020. This design and analysis effort to be undertaken as part of the DSB's business as usual resourcing and subject to PC and TAC prioritization.

CP2 Question 17: Do you concur with the DSB's proposal to work with the TAC and PC to agree an appropriate design and functionality as part of its business as usual operations?

5.3.3 Q3.3 – PHONE BASED SUPPORT

CP1 Question: Investigate the provision of phone support as part of baseline service?

Industry Responses

The responses received to the question posed in the first consultation are set out below:

	Yes	No
	7	5
Trade Associations	1	1
DSB Users	6	4

There was a mixed response to the proposal to provide phone support, with a small majority in favour of such a provision. A significant minority were not in favour, with primary focus being on costs, with some also noting that the major benefit of such a service would be primarily during a major incident and not during business as usual operations.

Analysis of Responses

The DSB's current processes require that in the event of a DSB outage and/or incident confirmed as a [Critical \(S1\) or Major \(S2\)](#)¹⁵ priority, the DSB technical support team will send email notifications to all impacted clients. The DSB will then continue to send progress updates every 30 minutes after the initial notification has been sent.

¹⁵ https://www.anna-dsb.com/download/dsb-service-level-policy_v3_2019_final/

In addition, the TAC is currently reviewing the DSB's Disaster Recovery procedures and any enhancements to the DSB processes will be made in line with the resulting recommendations.

DSB Proposed Next Steps

The DSB proposes to drop further investigation on phone support.

CP2 Question 18: Do you concur with the DSB's proposal to drop further investigation on phone support?

5.3.4 Q3.4 – PROACTIVE AUP MONITORING

CP1 Description: The current monitoring and notification process related to the DSB's Acceptable Use Policy (AUP) thresholds is reactive, notifying users once they have breached the AUP. The DSB has received feedback from several users that proactive monitoring and notification would be preferred.

CP1 Question: Should the DSB's AUP monitoring process be extended to warn users when they exceed certain percentage levels of their AUP allocation?

Industry Responses

The responses received to the question posed in the first consultation are set out below:

	Yes	No
	12	0
Trade Associations	2	
DSB Users	10	

Respondents who expressed an opinion were unanimously in favour of exploring the implementation of such a service, in order to provide more notice of any requirement to change their systems or operational processes so that they can stay within AUP limits.

Some responders were interested in receiving API based notification of potential breach, while other users were more interested in keeping DSB implementation costs low.

Analysis of Responses

The feedback demonstrates a clear desire for the DSB to implement a proactive AUP monitoring solution, although opinion is mixed as to the core focus of such an implementation: whether to focus on a simple low-cost solution or whether to provide a more feature-rich API solution.

DSB Proposed Next Steps

The DSB is submitting two proposals for consideration: one proposal for a core, low cost implementation of the functionality; and a second proposal for an API functionality on top of the core functionality.

Proposal for core implementation:

The DSB proposes to implement a minimal core functionality via an automated email-based mechanism which automatically notifies all fee paying users upon breaching certain pre-configured thresholds (e.g. 75%, 90% and 100%).

The precise thresholds and functionality to be agreed with the TAC (e.g. whether thresholds should be user-configurable or universal).

Costs:

- Capex: €30k analysis for TAC review
- Capex: €140k implementation
- Opex: €40k run cost from 2021

Impact on DSB total costs: None in 2020; €82.5K in 2021-24 (<1% increase in costs); €40K from 2025 onwards (<0.5% increase in costs)

DSB will not progress where run or build costs exceed the amounts set out in this document

Proposal for API implementation:

The DSB can also optionally implement an additional API-notification on top of the core functionality, to allow both REST and FIX users programmatic notification of threshold breaches.

The precise functionality to be agreed with the TAC (e.g. whether the API should allow the user to retrieve existing % usage or only be notified when threshold is reached).

Costs (assuming implemented at the same time as core):

- Capex: €15k analysis for TAC review
- Capex: €70k implementation
- Opex: €20k run cost from 2021

Impact on DSB total costs: None in 2020; €41.25K in 2021-24 (<0.5% increase in costs); €20K from 2025 onwards

DSB will not progress where run or build costs exceed the amounts set out in this document.

CP2 Question 19(a): Do you concur with the DSB's proposal to implement the core functionality?

CP2 Question 19(b): Do you concur with the implementation of the API functionality?

5.4 SERVICE AVAILABILITY

The DSB consulted on a proposed change to service availability, based on TAC deliberations in the past 12 months. The responses are summarised below, together with the DSB’s analysis of the responses and proposed next steps.

SERVICE AVAILABILITY	NEXT STEPS	COST IMPACT
Downtime Window	Further Consultation	• 2020-: None
	TOTAL	• 2020-: None

5.4.1 Q4.1 – DOWNTIME WINDOW

CP1 Question: Should the DSB’s downtime hours be change to between 00:30AM Sunday UTC and 12:30PM Sunday UTC?

Industry Responses

The responses received to the question posed in the first consultation are set out below

	Yes	No
Trade Associations	3	1
DSB Users	3	1

On balance responders were ok with the proposal, with only one negative comment. However, the number of responders was low. The DSB subsequently reached out to the negative responder and received clarification that this was not a showstopper issue for them.

Analysis of Responses

The DSB believes that respondents were largely silent on this query in light of the detailed discussions at DSB TAC meetings. In particular, if the hours were likely to cause a concern then there would have been more industry responses.

The consultation responses were reviewed at the 18 June TAC meeting, and there was general consensus to provide a final opportunity for industry feedback, after which the default option will be to implement the proposed change to the downtime period.

As a reminder, the rationale for the change is to address a corner case defect in a zero-cost manner. The alternative will likely involve incremental costs related design, build, test and deployment to address a complex but rare scenario related to reconciliation of DSB database with user caches.¹⁶

DSB Proposed Next Steps

The DSB proposes to implement the downtime model to between 00:30AM Sunday UTC and 12:30PM Sunday UTC. This change incurs no incremental costs as it can be performed by existing business as usual resources.

CP2 Question 20: Do you concur with the DSB's proposal to change the DSB's downtime hours to between 00:30AM Sunday UTC and 12:30PM Sunday UTC?

¹⁶ Further information is available in the first consultation paper - <https://www.anna-dsb.com/2020-user-fee-and-user-agreement-consultations/>

5.5 CYBERSECURITY

The DSB consulted on 5 proposed changes related to the DSB’s cyber-security governance arrangements, based on user and regulatory feedback received in the past 12 months. The responses are summarised below, together with the DSB’s analysis and proposed next steps.

CYBER SECURITY		NEXT STEPS	COST IMPACT
5.5.1	GUI Multi-Factor Authentication	Further Consultation	<ul style="list-style-type: none"> • 2020: None • 2021-2024: €95K pa • 2025-: €45K pa
5.5.2	Secure SDLC	Further Consultation	<ul style="list-style-type: none"> • 2020: €90K pa • 2021-: None
5.5.3	ISO 27001/2 for Cyber Breach Risk	Further Consultation	<ul style="list-style-type: none"> • 2020: €90K • 2021-: None
5.5.4	ISO 27018 for PII Breach Risk	None	<ul style="list-style-type: none"> • 2020-: None
5.5.5	On-Boarding of CISO	Further Consultation	<ul style="list-style-type: none"> • 2020-: €290K pa
	TOTAL ¹⁷		<ul style="list-style-type: none"> • 2020: €470K • 2021-2024: €385K pa • 2025-: €335K pa

¹⁷ The total costs will only be incurred if all the proposed changes are supported by industry as part of this consultation. The actual cost impact may be smaller or zero, subject to industry feedback.

5.5.1 Q5.1 – GUI MULTI-FACTOR AUTHENTICATION

CP1 Description: The DSB utilises a traditional userid / password mechanism for authentication to the DSB GUI. Whilst such a mechanism is common practice, the latest industry best practice now utilises multi-factor authentication (MFA) to provide an additional layer of security.

The Applied Cybersecurity Division of the US National Institute for Standards and Technology (NIST) provides a useful description of MFA and how it works⁶.

The DSB notes that most industry and government guidelines on cyber- authentication recommend the use of MFA and therefore the DSB would like to receive feedback on whether a migration to MFA should be considered in 2020.

CP1 Question: Should the DSB GUI support multi-factor authentication to match best practice cyber-authentication guidelines?

Industry Responses

The responses received to the question posed in the first consultation are set out below

	Yes	No
	7	4
Trade Associations	1	
DSB Users	6	4

Responses were mixed, with the majority generally supportive, but with a significant minority, primarily trading venues, focusing on likely cost impact. Of those who were supportive, there was a mention of the need to implement self-service provisioning in order to minimize impact on the help desk. Other considerations included the need for password expiry; support for federated single-sign on; and different layers of authentication depending on GUI usage (ISIN search vs ISIN creation).

Of those who disagreed, the key concerns were that the cost might be too great; the implementation may negatively impact the user experience; and the benefits may not outweigh the costs given that GUI-based activity forms a small portion of DSB industry interaction.

Analysis of Responses

While there was a clear majority in favour of moving forward on this proposal, the responses also highlighted some concerns that would need to be addressed if the DSB were to implement such a service. Taking the concerns in turn:

- *Potential high costs*
The DSB has provided costs within this document to allow an evaluation of the cost benefit.
- *Implementation may negatively impact the user experience*
DSB does not anticipate a significant usability issue as the MFA does not need to be triggered as part of every login. The DSB intends to work with the TAC to agree the design before any implementation in order to ensure the user experience is not unduly impacted.

- *Benefits may not outweigh the costs given that GUI-based activity forms a small portion of DSB industry interaction*

Costs have been provided below to allow this evaluation to take place.

The respondent states that only a small portion of DSB industry activity is via the GUI. However, over 70% of institutions using the service access it exclusively via the GUI and therefore the DSB does not believe it is accurate to state that GUI activity forms a small portion of industry interaction.

The DSB also notes that regardless of GUI activity levels, the key risks that the DSB intends to mitigate by MFA are not related to the volume of activity of the GUI and therefore the DSB does not see volume of activity as a valid metric for either an approval or disapproval decision of this proposal. The key risks the DSB hopes to mitigate are listed in the Risk Analysis section below.

The consultation responses were reviewed at the 18 June TAC meeting. The TAC noted that whilst the GUI itself contained little personally identifiable information or other sensitive data, it provided a doorway into the core system, and therefore robust cyber-security approaches should be considered. The TAC also requested that the risks associated with a GUI security breach should be articulated, and these are detailed below.

Risk Analysis

The key GUI security risk that would be mitigated by MFA relates to ease of impersonation of one user by another. MFA mitigates this risk by enforcing multiple channels of authentication by the same person rather than just the existing userid/password combination.

The DSB foresees 4 key risks that would be mitigated by MFA:

1. The GUI may act as a gateway into the core system, which could open up additional security risks if an attacker were to compromise the GUI
2. An attacker may be able to impersonate a DSB internal support function, which would risk exposing potentially market-sensitive information such as the name of the creator of any given ISIN or access to meta-data such as the names of the organizations who are creating the most ISINs for any given product
3. An attacker may be able to impersonate a more privileged user, thereby increasing costs onto other users. For example, if an infrequent user were to impersonate a standard-user, they will be able to utilize that account to avoid paying their own fair share of the DSB's overheads, thereby depriving the DSB of revenue that would otherwise be used to lower other DSB users' costs
4. An attacker may be able to hide their true identity, which lowers the hurdle for a cyber-attack, as the attacker will be more confident that their true identity will not be discovered during the forensics that will be performed after an attack.

DSB Proposed Next Steps

The DSB proposes to implement a minimal MFA solution with the narrow remit of only mitigating the above identified risks. This solution would include self-provisioning as well as password expiry in order to minimize incremental on-going load on the support desk.

Governance: TAC to be involved in the design and implementation

Costs:

- Capex: €40k for analysis
- Capex: €160k for implementation
- Opex: €45k run cost starting in 2021

Impact on DSB total costs: None in 2020; €95K in 2021-2024 (<1% increase in costs); €45K from 2025 onwards (<0.5% increase in costs)

DSB will not progress where run or build costs exceed the amounts set out in this document.

CP2 Question 21: Do you concur with the DSB's proposal to implement a minimal MFA solution for the GUI?

5.5.2 Q5.2 – SECURE SDLC

CP1 Description: The DSB IT system development and maintenance processes follow a standard Software Development Life Cycle (SDLC), which includes separate phases for design, development, testing and deployment.

Security testing of DSB software occurs via regular third-party penetration testing in its User Acceptance Test environment and is not currently embedded within the full SDLC process.

The DSB has been asked whether it will implement current best practice to embed security considerations throughout the entire SDLC by following approaches such as NIST 800-647 in order to provide:

- Early identification and mitigation of security vulnerabilities and misconfigurations;
- Awareness of potential engineering challenges caused by mandatory security controls;
- Identification of shared security services and reuse of security strategies and tools; and
- Facilitation of informed executive decision making through comprehensive risk management in a timely manner.

CP1 Question: Should the DSB’s Software Development Life Cycle (SDLC) be extended to embed security considerations throughout the SDLC?

Industry Responses

The responses received to the question posed in the first consultation are set out below:

	Yes	No
	10	0
Trade Associations	1	0
DSB Users	9	0

All responses that expressed an opinion were supportive of a move to a secure SDLC model, given the risk of cyberattacks disrupting users’ production environments. Other feedback included making sure such a change did not impact the DSB’s business-as-usual delivery and to focus on cost-effectiveness of implementation.

Analysis of Responses

The consultation responses were reviewed at the 18 June TAC meeting and there was general consensus for the DSB to explore the option of embedding security into every step of the software development lifecycle.

DSB Proposed Next Steps

The DSB proposes to perform the analysis on the adoption of ISO 27034¹⁸ as its secure SDLC methodology, while also considering any additional items required by NIST that may be relevant to the DSB.

On the assumption that industry approves the on-boarding of the new CISO function (see Q5.5), the DSB proposes to move forward with the analysis phase in 2020, led by the CISO and in conjunction with the TAC.

The deliverable of the analysis to include scope and details of the implementation, alongside implementation costs and an explanation of the steps to be taken to ensure implementation will be delivered cost-effectively.

The analysis will be provided to the TAC to review, and assuming TAC agreement, the implementation will be the subject of a subsequent consultation in 2020 for possible implementation in 2021.

Governance: TAC to be involved in the analysis and implementation

Costs:

- Opex: €90k analysis

Impact on DSB total costs: €90K in 2020 (<1% increase in total costs); None from 2021 onwards

DSB will not progress where run or build costs exceed the amounts set out in this document

CP2 Question 22: Do you concur with the DSB's proposal to move forward with analysis of Secure SDLC?

¹⁸ <https://www.iso.org/obp/ui/EN/#iso:std:iso-iec:27034:-1:ed-1:v1:en>

5.5.3 Q5.3 – ISO 27001/2 FOR CYBER BREACH RISK

CP1 Description: The DSB currently follows its own proprietary framework for addressing the risk of information security incidents. Conformance to the framework is reviewed annually by the DSB management team and this is validated by an annual third-party assurance programme.

The DSB has been asked whether it will implement an industry standard framework for addressing the risk of information security incidents, such as ISO/IEC 27001 (Information security management systems – Requirements) and ISO/IEC 27002 (Information technology — Security techniques — Code of practice for information security controls). The purpose of ISO certification would be to allow the DSB to be formally audited and certified compliant to a widely accepted international standard that guarantees management systematically examines the organization’s information security risks, taking account of the threats, vulnerabilities, and impacts.

CP1 Question: Should the DSB explore adopting the ISO 2700X standard as its framework for addressing information security risks?

Industry Responses

The responses received to the question posed in the first consultation are set out below

	Yes	No
	8	1
Trade Associations		1
DSB Users	8	

A large majority of the consultation responses were positive. One trade association primarily representing trading venues did not see any use case given the low amount of personally identifiable information held by the DSB. All other respondents were supportive, with a general theme of ensuring cost-effectiveness of implementation.

Analysis of Responses

Addressing the articulated concern:

- *Relevance of ISO27001/2 given the low amount of PII data held by the DSB*
There may be some confusion between the scope of the ISO 27001/2 standards and ISO 27018. The latter is related to risk of PII data breach and is not in scope of this question. The PII breach issue is addressed via Q5.4 of the CP1 consultation (see section **Fehler!** **Verweisquelle konnte nicht gefunden werden.**).

The DSB’s proposal under this question is to utilise ISO 27001/2 standards for implementation of a systematic approach to securing the DSB’s systems against cyber-attack using an international standard for its processes and controls. A successful cyber-attack may disable the DSB’s ISIN search and creation service, regardless of the level of PII held in the system. Hence the DSB’s view of the need for the implementation of appropriate security

standards. The DSB's implementation of cyber-security today utilises its own proprietary processes and controls.

The consultation responses were reviewed at the 18 June TAC meeting and there was general consensus for the DSB to explore the option of adopting an international standard as its cyber-security framework.

The DSB view is that the likelihood of a cost-effective implementation can be increased by ensuring a robust analysis is performed on how to implement the change, taking into account likely costs and benefits. The robustness of the analysis can be enhanced by providing an effective governance model, based on the CISO taking the lead (if approved in Q5.5) with input from the TAC.

DSB Proposed Next Steps

On the assumption that industry approves the on-boarding of the new CISO function (see Q5.5), the DSB proposes to move forward in principle with implementing the ISO27001/27002 framework, but to spend 2020 performing only the analysis, led by the CISO and in conjunction with the TAC.

The scope of this analysis to include costs of implementation as well as details of the cost-benefit and an explanation of how costs will be contained. The analysis will be reviewed by the TAC and assuming agreement, will be the subject of a subsequent consultation in 2020 for possible implementation in 2021.

- Governance: Led by CISO and with TAC involvement
- Costs:
 - Opex: €90k analysis

Impact on DSB total costs: €90K in 2020 (<1% increase in total costs); none from 2021 onwards

CP2 Question 23: Do you concur with the DSB's proposal to move forward with the analysis phase for the implementation of the ISO27001/27002 framework?

5.5.4 Q5.4 – ISO 27018 ADOPTION FOR PII BREACH RISK

CP1 Question: Should the DSB explore adopting the ISO 27018 standard as its framework for addressing data breach risks on Personally Identifiable Information?

Industry Responses

The responses received to the question posed in the first consultation are set out below.

	Yes	No
	6	6
Trade Associations		1
DSB Users	6	5

There was mixed feedback on whether the DSB should explore adoption of ISO 27018 for addressing PII data breach risks.

Analysis of Responses

The consultation responses were reviewed at the 18 June TAC meeting, and there was general consensus that the minor amount of PII data stored by the DSB did not provide sufficient value to continue with exploration of ISO 27018 adoption.

DSB Proposed Next Steps

No further action to be taken.

CP2 Question 24: Do you concur with the DSB’s proposal to take no further action?

5.5.5 Q5.5 – ON-BOARDING OF CISO

CP1 Description: In late 2017, the Financial Stability Board (FSB) provided a stock take of publicly released cybersecurity regulations and guidance¹¹. Whilst such guidance is not directly applicable to the DSB, the DSB does undertake periodic reviews of regulatory guidance on cybersecurity given the in-direct impact as a vendor to regulated entities.

The FSB paper described the creation of the role of Chief Information Security Office within 38 of the 56 regulatory schemes reviewed (page 22), with 34 of the schemes also addressing the independence of the cybersecurity function from other business lines.

The DSB's cybersecurity function is currently integrated within the core management team in order to achieve a lean management team.

CP1 Question: Should the DSB explore adding a new role of Chief Information Security Officer to its management team?

Industry Responses

The responses received to the question posed in the first consultation are set out below

	Yes	No
	8	2
Trade Associations		1
DSB Users	8	1

The majority of consultation responses were positive. One trade association primarily representing trading venues did not see any use case given the public and transparent nature of the data held by the DSB. Another trading venue wanted to understand whether the headcount could be absorbed within the existing management structure. All other respondents were generally supportive, with comments ranging from the potential for the role to be part-time, to the need for additional technology risk support team members to support in answering users' cyber-security risk questionnaires.

Analysis of Responses

Taking the two articulated concerns in turn:

- *Relevance of CISO given the public and transparent nature of the DSB data*
The DSB views the data breach element of cyber-security as only one element of the CISO role.

The DSB views the role of the CISO as the protection of the system as a whole, with data protection being just one element. The CISO role will be to provide an independent management view focused on ensuring the DSB has robust defences and processes to

prevent cyber-attacks that could impair the functioning of what is viewed by industry and regulators as a critical market infrastructure.

- *Rationale for additional role of CISO as incremental headcount*

The DSB proposes to follow regulatory best practice guidelines on the independence of the role of the CISO from the core management function, as articulated on page 22 of the FSB's cybersecurity regulations and guidance¹⁹. Currently the DSB integrates the cyber-security role within the same management team.

The consultation responses were reviewed at the 18 June TAC meeting and there was general consensus for the DSB to explore the creation of an independent CISO role along with an IT security engineer to provide analysis and implementation capability to the CISO.

The TAC consensus was that the CISO role was unlikely to be full-time and settled on a proposal of 0.4 FTE CISO + 1 FTE IT security engineer, to be separate from the core management function, as per accepted best practice.

DSB Proposed Next Steps

The DSB proposes to on-board the 1.4 FTE staff as described above, on the premise that this skill-mix staff will also allow the DSB to provide more timely and more tailored feedback to DSB users when they request the DSB to complete their technology cyber-security risk questionnaires. Currently such requests are unable to be serviced adequately due to lack of dedicated resource, with the DSB relying on occasional updates to its generic cyber-security FAQ document.

- Governance: TAC to be involved in matters relating to CISO role, remit and prioritization of activities
- Costs:
 - Capex: Zero analysis and change cost
 - Opex: €290K annual run cost for salaries, office costs, IT and other administration support

Impact on DSB total costs: €290K from 2020 onwards (<3% increase in total costs).

The DSB will not progress where costs exceed the amounts set out in this document

CP2 Question 25: Do you concur with the DSB's proposal to on-board a part-time CISO with a full-time security engineer?

¹⁹ <https://www.fsb.org/wp-content/uploads/P131017-2.pdf>

6 Update on User Fee Survey and Group Wide Agreement Forum

Commitments were made in the [Final Consultation Report of 2018](#)²⁰ to -

- a) Work with industry in 2019 to review and agree the way forward
 - i. For determination of an appropriate fee model, including timelines for the annual fee review cycle, such that both simple and multi-faceted organizations could use a single model to predict expected fees
 - ii. To review the user agreement to allow for users to more easily paper with the DSB, such that a single agreement could be used across multiple user categories
- b) Review alignment of the fee revision cycle with the industry budgetary processes in the course of 2019
- c) Publish timely audited financial accounts following the DSB's first full year of operation

To honour the commitments made in 2018 the DSB approached the first two items in two parts; through an industry-wide User Fee Survey and also through direct outreach to users for establishment of a DSB Agreement Forum. With respect to the third item, the audit of the financial accounts for 2018 has been completed and was published on Companies House on 13 June 2019. The DSB Statutory Accounts and an accompanying narrative are also available on the DSB website²¹ for 2017 and 2018.

It is important to note, as part of revisiting the fee model and user agreement, given the potential implications on the annual user fee calculation and contract terms which are common amongst all users, the DSB has an obligation to ensure due consideration is placed on the values of fair and equitable treatment of the broad and varied OTC ISIN, CFI and FISN user community.

Ultimately, any amendment to the fee model including discounted fees for those users with multiple agreements means the revenue reduction will need to be recovered by the user base to ensure cost recovery of the service. Therefore, representation and feedback is required across the broad spectrum of DSB uses, not just those with multiple agreements.

User Fee Survey

An industry-wide user fee survey was held for a fortnight in March with the aim to gain broader feedback on the annual fee revision timeline as well as when communication of the annual fees is expected by DSB users.

The online survey contained four questions about the specific topics of user focus; however, despite reminders having been sent, limited feedback was gained as only 9 fee paying users responded. Responses were also received from 1 trade association and 2 registered users. Of the fee-paying users, 7 respondents were trading venues as well as the trade association being the European Venues and Markets Association. The 2 remaining fee-paying respondents were banks. Additionally, of the responses received 4 of the respondents have multiple agreements in place.

²⁰ <https://www.anna-dsb.com/download/dsb-final-consultation-report/>

²¹ <https://www.anna-dsb.com/financial-accounts/>

Although limited feedback was obtained, the responses did indicate that further consideration is required on the topics raised. A synopsis of the feedback is as follows –

- The majority of responses indicated a preference to bring the annual fee determination forward, to between July and October
- The majority of responses indicated a reasonable uplift related to annual build & running costs would be between 0-4%
- There was a split position as to whether the way in which user fees were determined for 2019 should remain unchanged
- The majority of respondents believed a discount should be made available for entities with multiple or group wide agreements with the suggested discount ranging being very broadly from 15% to 100%

Based on the survey results thus far and the limited time available to make changes for the 2020 fee determination, it is unlikely the DSB can implement a revision to the fee determination cycle for 2020. However, similar to last year the DSB will provide an estimate of the 2020 user fees and costs in early October 2019 to assist users with budget planning.

To assist with obtaining the additional industry feedback required to address this matter, the questions from the User Fee Survey have been included within this second consultation paper for response.

CP2 Q #	QUERY FOR INDUSTRY FEEDBACK	USER RESPONSE REQUESTED	
26	The current timeline for determination of annual fees is the first working day of December (DSB Charges Policy – paragraph 2.4 ²²). Communication of the fees is published two days following the fee determination i.e. within the first week of December. When do you need the annual fees for the following year to be communicated?	July	
		August	
		September	
		October	
		November	
		December (unchanged)	
		No opinion	
27	The current cost recovery model results in DSB fees being set in way that incorporates adjustments related to the following year's service provision, based on industry consultation feedback and input from both industry committees.		

²² https://www.anna-dsb.com/download/dsb-charges-policy_v3-1_2019_final/

	<p>By bringing the fee determination period forward, the DSB may need to allow for some level of build & run related uplift. This is because the outcome of industry consultation may not be known at the time of fee determination if the timeline is brought forward.</p> <p>What level of cost adjustment should be accommodated?</p>	0-4%	
		4-8%,	
		8-12%,	
		No opinion	
28	<p>Industry consensus in 2018 resulted in the DSB making no changes to the way in which user fees were determined for 2019.</p> <p>Do you believe this should remain the case?</p>	Yes	
		No	
		No opinion	
29	<p>The current fee model is designed to ensure that all users of the service, irrespective of size or whether a multi-faceted organisation, can reasonably access the services under fair and equitable terms. Based on this model, the applicable annual fee is applied to each user who executes the DSB Access and Usage Agreement regardless if they have an existing agreement/s in place.</p> <p>Please note, any amendment to the fee model including discounted fees for those users with multiple agreements means the revenue reduction will need to be recovered by the user base to ensure cost recovery of the service.</p> <p>Do you believe a fee discount should be made available for entities requesting multiple or group wide agreements?</p> <p>If yes, above, what level of discount should be applicable? Please select.</p>	No	
		Yes, 15%	
		Yes, 20%	
		Yes, 25%	
		Yes, 50%	
		No opinion	
		Other	

Please provide any additional user fee related feedback you wish to provide.

DSB Agreement Forum

The intent behind proposing the establishment of a DSB Agreement Forum was to engage an industry forum comprising a broad range of DSB users in order to review the user agreement to allow for users to more easily paper with the DSB. The aim being that a single agreement could be used across group entities and multiple user categories. Additionally, if recommendations were to be made to accommodate those that require multiple licences, the work of the Agreement Forum may also touch on the fee model methodology. This factor makes it extremely important to include broad representation from the user base given the cost recovery principle and the need to have fair and reasonable distribution of costs across all users.

To further this initiative, the DSB extended an invitation to 16 fee paying users across a range of user types and entity categorisations, including those with multiple and single agreements. Although a reminder was sent, only 3 parties responded with interest in participating. Given the current lack of interest in participation, the DSB Agreement Forum has not been established at this time.

The DSB remains open to further engagement with industry to consider how the above matters could be most effectively addressed. As part of this consultation we aim to receive guidance from industry on how to take this matter forward.

Proposal: The DSB proposes to move forward with establishment of the DSB Agreement Forum with those participants who have expressed an interest as well as ask for any other interested parties to express their interest by 1st September 2019. Once established, the DSB Agreement Forum will commence work in Q4 2019 with the aim for recommendations and proposals to be included in the annual industry consultation in 2020.

CP2 Question 31: Do you concur with the DSB's proposal to form the DSB Agreement Forum and present its findings within the annual DSB consultation in 2020? If not, what is your specific alternate proposal (if any)?

Expressions of interest to participate in the DSB Agreement Forum should be directed to secretariat@ANNA-DSB.com

7 Appendices

7.1 Appendix 1 - Cost Basis 2019

Annual user fees recover the DSB overhead costs. The total estimated annual overhead upon which the cost-recovery fees were calculated is €9.14m, which is in line with the amount previously communicated²³. The fee calculation was based on the contracts in force as of 3 December 2018 and the user categories those contracts represent. Excess revenues caused by additional contracts signed after 1 January 2019 will go to defraying user fees for the next contract year.

The tables below show the breakdown of the Estimated Total DSB Cost of €9.14m on 3 December 2018, following feedback received as part of the industry consultations in 2018 and include a 20% margin for financial sustainability:

Category (Recurring)	Description	Amount
Technology & Operations	Operation of the DSB platform including technical and asset class support	€5,369K
Management	Senior management team including MD, MSP management team and CFO	€1,430K
Administration	Administrative costs and overheads such as office space, travel and expenses and administrative support functions	€829K
External consultants	External oversight and legal, professional & communication	€414K
Previous Year Operating Expenditure Adjustment	Reflects the budgeted reduction in user fees	-€283K
Total		€7,759K

Category (Time-limited)	Description	Amount
Start-up costs	Amortization of start-up costs over the first 4 years	€1,142K
Financing costs	Start-up loan interest costs repaid over 4 years	€240K
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	€0K
Total		€1,382K

²³ <https://www.anna-dsb.com/fee-model-variables/>

7.2 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.

7.3 Appendix 3 - Second Consultation Questions for Industry

Proposed Format for Industry Responses to the DSB Consultations:

- Consultation responses should be completed using the form below and emailed to industry_consultation@anna-dsb.com
- An 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 a specific request is made
- 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)
- As with prior consultations, each organization is permitted a single response
- 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 second consultation report
- Responses must be received by 5pm UTC on Monday 29th July 2019
- A webinar to address consultation related queries will take place on Thursday 11th July 2019. Register for the webinar [here](#).
- All consultation related queries should be directed to industry_consultation@anna-dsb.com

Respondent Details

Name	Vincent Ingham
Email Address	Vincent.ingham@efama.org
Company	EFAMA
Country	Europe
Company Type	Trade Association
User Type	Infrequent
Select if response should be anonymous	<input checked="" type="checkbox"/> our response can be made public

CP2 Q#	QUESTION FOR CONSULTATION	PARTICIPANT'S RESPONSE
FUNCTIONALITY		
1	<p><u>CFI Codes for EMIR</u></p> <p>Given the approach set out above, the cost estimates provided by the DSB in this consultation, and bearing in mind that these costs would be shared across the DSB's user base as per the DSB's existing fee model, do you believe it is appropriate for the DSB to provide a CFI service to act as the golden source of CFI codes for all EMIR Level III products, or should such a service be left to commercial operators?</p>	Yes
2	<p><u>Mapping to MiFID II Taxonomy</u></p> <p>2(a): Do you concur with the DSB's proposal to perform the analysis for MiFID II Taxonomy mapping?</p>	Yes
	<p>2(b): If you answered "yes" to the question above, do you want the DSB analysis to address all products under MiFID II RTS-2 scope or just OTC derivatives in scope of the DSB?</p>	
3	<p><u>Default values in ISIN Templates</u></p> <p>Do you concur with the DSB's proposal to utilise the DSB Challenge Process and existing PC secretariat resourcing to manage default value population within the product templates?</p>	Yes
4	<p><u>Underlying Identifiers</u></p> <p>Do you concur with the DSB's proposal to utilise existing PC secretariat resources to manage requests for additional underlying data such as US equities?</p>	Yes, more indices and reference rate at same existing resources / cost base are welcome
5	<p><u>GUI Enhancements</u></p> <p>Do you concur with the DSB's proposal to implement a minimal set of search filters targeting occasional users?</p>	Yes, easy to search improvements in line with TAC recommendation are welcome.

CP2 Q#	QUESTION FOR CONSULTATION	PARTICIPANT'S RESPONSE
6	<p><u>Other Technical Enhancements</u></p> <p>Do you concur with the DSB's proposal to utilise existing TAC resources to address the identified concerns as part of the DSB's business as usual resourcing?</p>	Yes
DATA SUBMISSION ENHANCEMENTS		
7	<p><u>Tool for Proprietary Index Submissions</u></p> <p>Do you concur with the DSB's proposal to take no further action on a tool to enhance the proprietary index submission process?</p>	N.A.
8	<p><u>SLA for Proprietary Index Submissions</u></p> <p>Do you concur with the DSB's proposal to keep unchanged the SLA for proprietary index submissions?</p>	N.A.
9	<p><u>Automated User Submission Process for Proprietary Indices</u></p> <p>Do you concur with the DSB's proposal to investigate the provision of an automated user submissions process as part of the DSB's business as usual resourcing and prioritisation?</p>	N.A.
10	<p><u>Machine-Readable Format for Proprietary Indices</u></p> <p>Do you concur with the DSB's proposal to investigate the automated provision of the full of list proprietary indices in a machine-readable format as part of the DSB's business as usual resourcing and prioritisation?</p>	N.A.
11	<p><u>LEI for CDS Single Name</u></p> <p>Do you concur with the DSB's proposal for the build of the LEI-ISIN mapping service for CDS single names?</p>	Yes, we fully support a LEI-ISIN mapping service based on the ANNA-GLEIF agreement.

CP2 Q#	QUESTION FOR CONSULTATION	PARTICIPANT'S RESPONSE
12	<p><u>Validation of CDS Single Name</u></p> <p>Do you concur with the DSB's proposal to examine the number of CDS SN ISINs that have been incorrectly created and work with the PC to determine next steps, if any?</p>	<p>Yes, based on existing resource allocation overseen by the Product Committee</p>
13	<p><u>Supplemental Data for ISIN-LEI Mapping</u></p> <p>Do you concur with the DSB's proposal to perform initial analysis to further explore the supplemental data examples cited by users as part of the DSB's business as usual resourcing and prioritisation?</p>	<p>Yes, analysis is welcome to improve the utility in the future.</p>
14	<p><u>Mapping of Index Names to Underlying Identifiers</u></p> <p>Do you concur with the DSB's proposal to perform the business and technical analysis on the mapping of index names to underlying identifiers?</p>	<p>Yes, analysis of mapping of index ISIN and index name is welcome.</p>
15	<p><u>Data Review Process</u></p> <p>Do you concur with the DSB's proposal to work with the PC to review each of the requests for additional underlying data made above on a case by case basis as part of its business as usual operations?</p>	<p>Yes, operational improvements are welcome.</p>
SERVICE LEVELS		
16	<p><u>Bulk ISIN Creation</u></p> <p>Do you concur with the DSB's proposal to drop further analysis on bulk ISIN creation?</p>	
17	<p><u>Searchable On-Line Utility</u></p> <p>Do you concur with the DSB's proposal to work with the TAC and PC to agree an appropriate design and functionality as part of its business as usual operations?</p>	<p>Yes, enhancements as part of standard procedures are welcome.</p>

CP2 Q#	QUESTION FOR CONSULTATION	PARTICIPANT'S RESPONSE
18	<p><u>Phone-Based Support</u></p> <p>Do you concur with the DSB's proposal to drop further investigation on phone support?</p>	N.A.
19	<p><u>Proactive AUP Monitoring</u></p> <p>19(a): Do you concur with the DSB's proposal to implement the core functionality?</p>	N.A.
	<p>19(b): Do you concur with the implementation of the API functionality?</p>	N.A.
SERVICE AVAILABILITY		
20	<p><u>Downtime Window</u></p> <p>Do you concur with the DSB's proposal to change the DSB's downtime hours to between 00:30AM Sunday UTC and 12:30PM Sunday UTC?</p>	N.A.
CYBERSECURITY		
21	<p><u>GUI Multi-Factor Authentication</u></p> <p>Do you concur with the DSB's proposal to implement a minimal MFA solution for the GUI?</p>	Yes, we welcome highest standards of security
22	<p><u>Secure SDLC</u></p> <p>Do you concur with the DSB's proposal to move forward with analysis of Secure SDLC?</p>	Yes, we welcome highest standards of security
23	<p><u>ISO 27001/2 for Cyber Breach Risk</u></p> <p>Do you concur with the DSB's proposal to move forward with the analysis phase for the implementation of the ISO27001/27002 framework?</p>	Yes, we welcome highest standards of security
24	<p><u>ISO 27018 for PII Breach Risk</u></p> <p>Do you concur with the DSB's proposal to take no further action?</p>	N.A.

CP2 Q#	QUESTION FOR CONSULTATION	PARTICIPANT'S RESPONSE														
25	<p><u>On-Boarding of CISO</u></p> <p>Do you concur with the DSB's proposal to on-board a part-time CISO with a full-time security engineer?</p>	<p>Yes, we welcome highest standards of security.</p>														
FEES AND USER AGREEMENT																
26	<p>The current timeline for determination of annual fees is the first working day of December (DSB Charges Policy – paragraph 2.4²⁴). Communication of the fees is published two days following the fee determination i.e. within the first week of December.</p> <p>When do you need the annual fees for the following year to be communicated?</p>	<table border="1"> <tr><td>July</td><td></td></tr> <tr><td>August</td><td></td></tr> <tr><td>September</td><td></td></tr> <tr><td>October</td><td></td></tr> <tr><td>November</td><td></td></tr> <tr><td>December (unchanged)</td><td></td></tr> <tr><td>No opinion</td><td>N.A.</td></tr> </table>	July		August		September		October		November		December (unchanged)		No opinion	N.A.
July																
August																
September																
October																
November																
December (unchanged)																
No opinion	N.A.															
27	<p>The current cost recovery model results in DSB fees being set in way that incorporates adjustments related to the following year's service provision, based on industry consultation feedback and input from both industry committees.</p> <p>By bringing the fee determination period forward, the DSB may need to allow for some level of build & run related uplift. This is because the outcome of industry consultation may not be known at the time of fee determination if the timeline is brought forward.</p> <p>What level of cost adjustment should be accommodated?</p>	<table border="1"> <tr><td>0-4%</td><td></td></tr> <tr><td>4-8%,</td><td></td></tr> <tr><td>8-12%,</td><td></td></tr> <tr><td>No opinion</td><td>N.A.</td></tr> </table>	0-4%		4-8%,		8-12%,		No opinion	N.A.						
0-4%																
4-8%,																
8-12%,																
No opinion	N.A.															

²⁴ https://www.anna-dsb.com/download/dsb-charges-policy_v3-1_2019_final/

CP2 Q#	QUESTION FOR CONSULTATION	PARTICIPANT'S RESPONSE	
28	<p>Industry consensus in 2018 resulted in the DSB making no changes to the way in which user fees were determined for 2019.</p> <p>Do you believe this should remain the case?</p>	Yes	X
		No	
		No opinion	
29	<p>The current fee model is designed to ensure that all users of the service, irrespective of size or whether a multi-faceted organisation, can reasonably access the services under fair and equitable terms. Based on this model, the applicable annual fee is applied to each user who executes the DSB Access and Usage Agreement regardless if they have an existing agreement/s in place. Please note, any amendment to the fee model including discounted fees for those users with multiple agreements means the revenue reduction will need to be recovered by the user base to ensure cost recovery of the service.</p> <p>Do you believe a fee discount should be made available for entities requesting multiple or group wide agreements?</p> <p>If yes, above, what level of discount should be applicable?</p>	No	X
		Yes, 15%	
		Yes, 20%	
		Yes, 25%	
		Yes, 50%	
		No opinion	
		Other	
30	<p>Please provide any additional user fee related feedback you wish to provide.</p>	<p>Smaller users should not incur higher fees to support large global institutions.</p>	
31	<p>Do you concur with the DSB's proposal to form the DSB Agreement Forum and present its findings within the annual DSB consultation in 2020? If not, what is your specific alternate proposal (if any)?</p>	<p>All DSB user types independent of size should be represented on the DSB Agreement Forum.</p>	

CP2 Q#	QUESTION FOR CONSULTATION	PARTICIPANT'S RESPONSE
AOB		
32	Please use this space for any other comments you wish to provide	We continue to support the DSB becoming the central database / golden source for all derivative identification (ISIN), classification (CFI, UPI) and descriptive elements. We welcome the expansion from TOTV-OTC to other derivative instruments.