Derivatives Service Bureau

Industry Views Sought on a Security Operations Centre, Proprietary Index Workflow, Release Process and the Search Only API User Type Fee

Consultation Paper

28 April 2023

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 (EU) MiFID II/ MiFIR regulations mandated the use of ISINs to identify certain OTC derivatives, starting 3rd January 2018. These provisions have also been transitioned into the UK's current regulatory regime. The affected OTC derivatives include those tradeable on an EU/UK trading venue (ToTV) and those with underlying asset(s) tradeable on a EU/UK 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 (EU and UK transitioned), with the capability of an identification hierarchy to be introduced as required by industry, such as the Unique Product Identifier (UPI)[2], which will be introduced by the DSB in line with the regulatory reporting mandates of the jurisdictions of major derivatives markets. Likewise, the CFI codes provided assist with EMIR Level III reporting to offer a single, consistently generated value that can be absorbed by all users of DSB data.

Upholding the ISO principles, including operating on a cost-recovery basis, the implementation of OTC ISIN, FISN and CFI codes for OTC derivatives has been achieved through ongoing, collaborative work with market participants, authorities and other standards bodies.

The DSB serves a broad community of users – most free of cost – and others on a cost recovery basis, with users having direct input into the primary fee variables. Users also contribute directly into the service evolution via both an annual consultation process and two industry driven user forums – the Product Committee[3] and Technology Advisory Committee[4]. DSB users have multi-channel access (Web Access, FIX and ReST API Programmatic Access) when seeking to create or search for OTC ISIN records containing additional identifiers alongside both input and a range of derived product attributes.

The DSB facilitates access for a range of organization types such as 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. This consultation requesting feedback to help shape the DSB's service development has been sent to

---

[1] As defined in MiFIR

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

[3] https://www.anna-dsb.com/product-committee/

[4] https://www.anna-dsb.com/technology-advisory-committee/

the DSB's user community, comprising more than 2,600 individuals across approximately 650 organizations.

At the time of this paper, around 70% of institutions using the service access the DSB free of cost as Registered Users, 20% Power Users (organizations – including affiliates - with programmatic connectivity), 8% Infrequent Users – including affiliates (GUI connectivity) with Standard Users – including affiliates (GUI connectivity) and Search Only API users making up the remaining balance. Amongst fee paying users; banks and credit institutions contribute towards 52% of DSB fees, trading venues contribute 32% with the balance comprised of the buy-side, data vendors and others.

The DSB continues to see material differences between those who create OTC ISIN records and those that consume the data. More than three quarters of all OTC ISIN records have been created by the sell-side and one-fifth of all OTC ISIN records were created by trading venues (both MTFs and OTFs). As a comparative, Trading Venues continue to dominate OTC ISIN reporting to FIRDS, with a quarter of all OTC derivative reference data reported.

This consultation opens on 28th April 2023 and will close on 31st May 2023, with a final consultation report to be published on 30th June 2023. The consultation paper seeks to obtain industry views on several topics: a Security Operations Centre (SOC), the Proprietary Index Workflow, the Software Release cycle and Search Only API User Type Fee determination. The document presents information for market participants' review and feedback.

As part of the DSB's commitment on continued operational efficiency, only one OTC ISIN and CFI service-related consultation paper will be published in 2023, in order to allow user fee estimates to be made available earlier in the calendar year, as requested by clients. This paper contains a reduced number of questions for consultation, so that industry's time and effort is optimized on more narrowly focused questions.

This consultation paper commences by providing an update on items approved by industry at previous consultations, followed by consultation considerations in section 5. Respondents can also provide any general comments in the final section of the response form provided at the end of this paper.

Section 5 of this paper lists the question being asked, supported by analytical context and where the proposed next steps 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 with appropriate information at hand.

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 DSB 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 DSB Technology Advisory Committee (TAC) to obtain their views to ensure that the DSB remains aligned with market feedback as it progresses these items.

The DSB works to ensure the broad views and needs of the stakeholders lead the direction of development of the service. By working collaboratively, both within the DSB as well as its stakeholder user base, the DSB has been able to ensure all views are considered. 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 will be published on the DSB's website, with respondents able to indicate in the response form if they wish the name of their institution to remain anonymous at the point of publication. All responses should be submitted using the form provided in section 7 of this paper, and sent to industry_consultation@anna-dsb.com no later than 5pm UTC on 31st May 2023.

An explanatory webinar, also providing an opportunity for industry questions to be addressed, will be held at 2pm UTC (3pm UK, 4pm CEST, 10am EST) on Tuesday 9th May 2023. All participants are welcome, with a recording to be made available following the event. Registration is required in advance via this link[5] or via the DSB website.

---

[5] https://us06web.zoom.us/webinar/register/WN_c9k8z88ASSiRlC4NVMo2pA

2   Consultation Timeline

In 2022, the DSB Main Terms and Policies, collectively known as the 'Agreement', were updated to incorporate provisions for the UPI Service such that a common Agreement was maintained. As the UPI Service has launched into UAT on 17 April 2023 and will launch into Production on 16 October 2023, requiring the final legal documentation to be available, the next review of the Agreement will take place in 2024.

Milestone	Date
Publication of DSB Consultation Paper (CP)	Fri 28 Apr 2023
Webinar *** Register ***	Tue 9 May 2023
Industry feedback on the CP	Fri 28 Apr - Wed 31 May 2023
Final Consultation Report publication	Fri 30 Jun 2023
User termination deadline	Mon 2 Oct 2023
Annual User fees for 2024 calculated	Wed 4 Oct 2023
2024 User fees published	Fri 6 Oct 2023

3 Principles

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

Principle	Brief Description
Cost Recovery	The DSB will provide all numbering agency services on a cost recovery basis. 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. Furthermore, the funding model needs to be sustainable, which includes the need to be efficient and reliable.
Unrestricted Data	The DSB intends that no data associated with the definition of an ISIN will have licensing restrictions dictating usage or distribution. If the DSB Product Committee (https://www.anna-dsb.com/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.
Open Access	Access to the DSB archive for consumption of OTC derivative ISINs and associated reference data will be available to all organizations and users.
Payment in Advance	To the extent possible, the DSB will levy fees through annual contracts that require payment in advance. This advance yearly commitment offers the DSB more clarity in aligning fee levels with cost recovery. For the users, it provides improved ability to forecast their costs for utilising ISIN services.
Equal Treatment	As an industry utility, the DSB aims to ensure parity and efficiency in delivery of our service. This includes following standardised processes and procedures for all users of the DSB operating under the cost recovery framework based service. The DSB has a common agreement in place ensuring equal treatment across all users. Any exceptions to the terms are only introduced on the basis that they can be consistently applied across all users without imposing a risk on the service.

4   Update on Activities Resulting from Prior Consultations

Industry participants' views were requested on several items in the course of previous consultations in 2020 and 2021 on subjects such as functionality, Security Operations Centre and cloud maturity. An update on these items is provided below.

4.1   Work Completed

1.   Weekly Snapshot

The DSB OTC ISIN Industry Consultation 2020 received approval for the development of new functionality to provide users with an API-based method of accessing the DSB records contained in the End Of Day (EOD) download files. The rationale for this functionality was that the DSB only created daily files containing new or changed records and there was no mechanism for new users to more efficiently download all records. Also, there was no alternative mechanism for existing users to reconcile their internal databases with the DSB's master records other than by processing the individual set of files since the DSB began operations in 2017.

User feedback received as part of the analysis for the implementation of the required functionality , and especially with the TAC, pointed to a lighter touch model being more appropriate for the majority of DSB users, based on creating a snapshot file of the entire database on a regular interval and moving away from a more expensive API solution.

The TAC recommended a weekly snapshot, on the basis that it would provide value to both new and existing users of the OTC ISIN Service at lower cost and improve the user experience:

- New users would no longer need to load daily delta files from the start of the OTC ISIN Service (5+ years of daily delta files) to populate their internal databases with the relevant DSB records
- Existing users would be able to reconcile their databases with the DSB's latest data snapshot

The Weekly Snapshot was delivered in April 2023. Further information is available in the DSB ISIN Weekly Snapshot[6] documentation.

2.   Proprietary Indices Workflow

Analysis to improve and automate the user submission of Proprietary Indices was undertaken and a functional specification was written in 2020. A question about the workflow is presented in section 5.2 Q2 - Proprietary Indices Workflow.

3.   Security Controls: Security Operations Centre

In 2022, the DSB completed a cost benefit and risk analysis on the implementation of a Security Operations Centre. The analysis and next steps are presented in section 5.1 Q1 – Security Operations Centre.

4.   Cloud Deployment Maturity Analysis

A detailed review of the DSB's cloud deployment and the roles and responsibilities of its Service Provision Partner (SPP) was completed in 2022 with a cost benefit analysis of proposed changes presented to the TAC and DSB Board. It is proposed that the DSB take the feedback from the TAC and the DSB Board forward for more detailed conversations within one of the TAC's sub-committees prior to presenting this again to the DSB Board in 2023.

---

[6] https://www.anna-dsb.com/download/dsb-isin-weekly-snapshot/

5. **Secure Software Development Life Cycle (SDLC)**

    In 2019, the DSB performed gap analysis on the DSB's current Software Development Lifecycle against the Secure SDLC standard. An update was provided at the March 2023 TAC meeting[7] advising that in 2022, the purchasing of enhanced third-party products to support improvements in the management and auditability of Secure SDLC was completed. Implementation and evolution of the third-party products will be carried out throughout 2023 under BAU operations.

6. **ISO 27001**

    ISO 27001 accreditation was raised in the 2019 Industry Consultation Paper for the 2020 service provision. Having been approved to proceed, the DSB first created a Terms Of Reference document which was reviewed by the TAC on 20 March 2020. The DSB undertook detailed analysis and shared the findings with the TAC members on 3 December 2020. The TAC members provided their feedback and the topic was raised again at the TAC meeting on the 7 April 2021[8] where the DSB obtained the TAC's recommendation to publish the findings.

    In September 2021 the DSB Board was presented with the costs to remediate the gaps identified by the ISO 270001 analysis. The Board subsequently approved this work which was scheduled for 2022. The TAC were advised of this in the meeting on the 3 November 2021[9].

    During the TAC meeting on the 23 March 2022, a discussion was had on the outstanding action to agree what information on the ISO 27001 gap analysis could be shared publicly. After the meeting, a summary document[10] of the findings was shared with the TAC on the 13 April 2022.

    In 2022 the remediation work commenced, the TAC were provided with a progress update at the meeting on the 26 October 2022[11] that 80% of the controls were now ISO 27001 compliant.

    At the TAC meeting on the 29 March 2023[7] the TAC were provided with a further progress update that 95% of the controls were now ISO 27001 compliant. The DSB is proposing to complete the ISO27001 accreditation (scope to be agreed with the TAC) within 2023.

7. **Dynamic Enumerations**

    Changes were made to the system on 26 June 2022 to allow the normalised template versions to be loaded into the system replacing the existing denormalised templates. Changes were also made to the data validation logic to make this more data driven with the aim of reducing the time taken to deliver enumeration changes. The changes were released into the production environment in June 2022 and the TAC recommended a 12-month migration period to allow DSB users time to migrate away from the existing normalised templates. The DSB will decommission the denormalised templates on 1 July 2023.

---

[7] https://www.anna-dsb.com/download/20230329-dsb-tac-report-member-final/

[8] https://www.anna-dsb.com/download/20210407-dsb-tac-report-member-final-02/

[9] https://www.anna-dsb.com/download/20211103-dsb-tac-report-member-final-01/

[10] https://www.anna-dsb.com/download/dsb-iso-27001-overview-v14/

[11] https://www.anna-dsb.com/download/20221026-dsb-tac-report-member-final/

4.2 Work being undertaken in 2023

The following initiatives have commenced or are expected to commence in the course of 2023 with updates to be provided to the DSB PC and the DSB TAC, as relevant and noted in the prior consultation paper.

1. **Global Agile Architecture (GAA)**

   The GAA programme was developed from the work undertaken by the DSB's Cloud Architecture Subcommittee (CASC) - a subcommittee of TAC members established to investigate multi-cloud and multi-region capabilities for the DSB.

   The DSB Board approved the progression of the GAA programme for a two-year period, under the governance of the TAC. The CASC subcommittee has been reformed with a new set of members taken from the existing TAC members.

   Two initial topics have been selected and papers for both have been written and will be shared with the GAA members:

   - Automated Deployments
   - MongoDB Database review

   The topics align to the GAA's core recommendations which are:

   1. Agility
   2. People
   3. Process
   4. Immutable Infrastructure (Cattle not pets)
   5. Continuous Integration / Continuous Deployment
   6. Connectivity

   Both topics move the DSB towards the strategic aims of multi-cloud and multi-active regions. Subject to review by the GAA Subcommittee both projects will progress in Q2 2023.

2. **Technology Controls Programme: Tools**

   In 2021, as part of business as usual (BAU) operations, a detailed review of the DSB's Enterprise tooling estate was undertaken. During Q1 2023 the DSB have reconciled the 100+ operational processes against the existing toolset and created a remediation task list of identified gaps and/or efficiency improvements. High priority tasks will be documented and where possible remediated in the remainder of 2023. The DSB will seek guidance and direction from the TAC as the project progresses.

3. **GUI Search Utility Improvements**

   The existing DSB Graphical User Interface (GUI) provides a search facility that enables the retrieval of OTC ISIN records and their associated reference data using a query script. This query script is designed for use by IT professionals and developers. The DSB had received feedback that many end users do not have the professional support to enable them to run queries via the GUI.

   The DSB PC were supportive of enhancing the GUI Search Utility for the OTC ISIN Service with the DSB Board approving the recommendation to extend the improvements to include the UPI Service.

   The DSB aims to deliver this functionality prior to the UPI Service production go-live on 16 October 2023.

4. **Support for provision of CFI codes for EMIR**

   The recommendation from the DSB PC and industry to provide a CFI generation service for OTC derivative products in scope for EMIR, so that CFI codes can be obtained without the need to generate the OTC ISIN or the OTC ISIN data record, was endorsed by the DSB Board.

   This enhancement will be delivered in 2023.

5. **Removal of VPN Connectivity option from Cost Recovery**

   An outreach to the few remaining users who were connecting to the DSB via VPN was undertaken and the DSB worked with these users to migrate them to other connectivity options. All users were successfully migrated off VPN connectivity by the end of 2022 and the costs of running the VPN were removed from the 2023 Technology and Operations forecast.

5   Consultation Considerations

The table below shows a summary of the consultation items with the build costs and any ongoing operating costs or savings in subsequent years.

		PROPOSED COST IMPACT
5.1 Error! Reference source not found.	Q1 – Security Operations Centre	Option 1 * • 2024: € 503.75k • 2025-2028: € 1,122.19K • 2029-: € 1,007.50K Option 2 * • 2024: € 435K • 2025-2028: € 951.88K • 2029-: € 870K
5.2 Error! Reference source not found.	Q2 – Proprietary Index Workflow	• Not Applicable
5.3	Q3 – Release Process	• Not Applicable
5.4	Q4 – Search Only API User Type Fee Determination	• Not Applicable
TOTALS		Option 1 * • 2024: € 503.75k • 2025-2028: € 1,122.19K • 2029-: € 1,007.50K Option 2 * • 2024: € 435K • 2025-2028: € 951.88K • 2029-: € 870K

Depending on option recommended by TAC

5.1 Q1 – Security Operations Centre

Summary:

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

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

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

Cost Estimates:

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

* Includes Financial Sustainability Margin @ 20%

It is proposed that the OPEX costs for the SOC will be included within the expected scope for synergies and shared costs between the UPI service and the OTC ISIN service, and what an appropriate cost allocation policy would be. These topics will be subject to a further consultation.

Question:

Q1: Should the DSB progress with the deployment of a Security Operations Centre with the preferred delivery option being recommended by the TAC?

Supporting Information:

A Security Operations Centre (SOC) is a facility or team that are responsible for monitoring, detecting, analysing and responding to security incidents and threats in an organisation's network and IT infrastructure. The SOC may use a variety of tools and technologies, e.g., Security Information and Event Management (SIEM) systems and other security monitoring tools to identify potential threats and attacks.

Many of the DSB's users are regulated entities. Regulated entities are required to ensure that their suppliers are handling their data in line with their own standards.

The DSB provides security updates to the TAC and feedback has been that the DSB has been operating an appropriate level of security. However, industry and regulators are expecting more of key service

suppliers with regards to cybersecurity and operational resilience. The following are some examples of the increased focus:

- EU: https://www.esma.europa.eu/sites/default/files/2023-02/Joint_ESAs_DORA_event_-_European_Commission_slides.pdf
- UK: DP22/3: Operational resilience: critical third parties to the UK financial sector | FCA

DSB Proposal for next steps:

If industry are supportive of this request, the DSB will discuss the responses received from this consultation and the detail behind the SOC quotations at the TAC meeting on the 21 June 2023 to allow the TAC to make a recommendation to the DSB Board. Subject to feedback receive from the TAC, further steps will then be defined.

Cost estimates:

a) Capex: €327.5k - €458.8k (depending on option recommended by TAC)
b) Opex: €870k – €1,007.5k* (depending on option recommended by TAC) per annum

* Excludes any annual inflationary uplift

5.2   Q2 – Proprietary Index Workflow

Summary:

The DSB's Proprietary Index workflow was developed in collaboration with industry and is designed to allow fee-paying users of the DSB OTC ISIN Service to submit proprietary indices that are to be used as an underlying for OTC derivative instruments.

As part of the DSB's 2019 Industry Consultation process, stakeholders were asked several questions about the Proprietary Index process. The DSB took an action to undertake further analysis to determine the effort required to automate the process. Having undertaken this analysis in 2020, the DSB concluded that size of the investment required could not be justified given the infrequent nature of the Proprietary Index submissions into the DSB.

More recently, the DSB has noticed an increase in the number of Proprietary Index submissions being made to the DSB. The process remains based around email requests which are processed manually by the DSB. As a result, there have been occasions when the requests have been impacted by delayed processing. The revisiting of this topic seeks to obtain feedback on the importance of this process to the users of the service, and to understand if there are ways the service can be improved.

Questions:

Q2.1 Is the current Proprietary Index process fit for purpose? If no, then please answer questions 2.2 and 2.3 below.

> **Q2.2 If the Proprietary Index process is not fit for purpose, what issues have you encountered with the process and what impact have these caused to your organisation?**

> **Q2.3 Do you have any suggestions as to how the Proprietary Index process could be improved?**

Supporting Information:

Further information on the DSB's Proprietary Index workflow can be found at: https://www.anna-dsb.com/proprietary-indexes/

DSB Proposal for next steps:

The DSB will review industry feedback provided to this consultation and discuss this with the TAC at the Industry Consultation TAC meeting on Wednesday 21 June 2023. The outcome of this discussion will determine the next steps to be taken.

Cost Estimates:

There are no cost implications at this stage.

5.3   Q3 – Release Process

Summary:

In advance of each of the last three releases to the Production Environment, the DSB has received a postponement request, each from an individual user. All three requests were received very close to the production implementation date requiring escalation to the DSB Management Team and the TAC. The DSB has been unable to support the release postponement requests as the postponement would impact other users who have undergone preparations to implement the release as scheduled, as well as the need to keep the DSB's release schedule on track.

The TAC was also asked to review the DSB's notice period for change and were happy for the DSB to remain with the current notice periods.

Industry is asked if they support the proposed improvements to the technical release process to mitigate the recent issues experienced by users.

Questions:

Q3.1 Do you agree with the proposed improvements to the DSB release process as defined in the supporting information?

Q3.2 Do you have any other suggestions as to how the DSB can improve its release process to avoid the need for last minute deferral requests?

Supporting Information:

Notes from the TAC Report for the TAC meeting held on Wednesday 29 March 2023.

- The DSB was asked to postpone the last three product template releases for the OTC ISIN service.
  - The postponement requests were received very close to the implementation, from a single different client in each of the cases.
  - The TAC was consulted in two out of the three requests. The TAC was not supportive of the requests, due to:
    - This was a single client request
    - Other clients were ready to implement, including TAC members
    - The need to keep the DSB release schedule on track

- The DSB held meetings with each of the three clients who had raised a postponement request, the following is a summary of those discussions:
  - 90 Days notice should start when the change is released to the UAT environment
  - Structural changes to templates, e.g.: where a section is moved, must be considered a breaking change and clearly highlighted
  - The DSB should provide details of changes between the draft and final versions of the document to allow clients who proceed at risk on the draft documentation to see what, if anything, has changed in the final version
  - The DSB should consider publishing draft JSON templates earlier in the process and again highlight changes from draft to final
  - The Go/No-go point is too close to the release date
  - Clients should be involved in the Go/No-go discussion
  - For data validation changes, the DSB should undertake analysis early in the process to identify the clients who are currently sending data that will be caught by the new rules and to undertake this outreach early in the process

- Proposed Improvements
  - Publish draft JSON templates with the draft documentation
  - Show any changes made between the draft and final versions of the documentation
  - Ensure releases with breaking changes are clearly marked
  - Email notifications to clearly identify breaking changes

DSB Proposal for next steps:

If industry is supportive of Q3.1 the DSB will include these changes in the BAU backlog to prioritise them against the existing items. The DSB will review industry feedback relating to Q3.2 and discuss this with the TAC at the Industry Consultation TAC meeting on Wednesday 21 June 2023. The outcome of this discussion will determine the next steps to be taken in relation to this topic.

Cost Estimates:

There are no cost implications at this stage.

5.4   Q4 - Search Only API User Type Fee Determination

Summary:

The Search Only API User Type was introduced as a new user type in 2022 after industry support in responses to the 2020 Industry Consultation paper. The Search Only API User Fees were set at 50% of the Standard User Fee.

API functionality requires more infrastructure and support costs than GUI user types. A request for consideration is proposed as to whether this should be reflected in the Search Only API User fee.

Industry is asked if they continue to support the original fee positioning for Search Only API User Type of 50% of the Standard User Fee or if this should be revisited to align with similar programmatic functionality.

Question:

Q4. Should the Search Only API User Fee be represented as 1/3 of the Power User fee, reflecting the infrastructure and support costs for programmatic connectivity?

Supporting Information:

The Search Only API User Type is a programmatic user type allowing up to 2,000 search requests a week, with 50 search results returned at a time.

The Standard User Type allows creates and searches for OTC ISINs via the Graphical User Interface (GUI) only, with 50 search results returned at a time and 5,000 ISIN generation requests per annum.

The Power User Type is a programmatic user type allowing up to 100,000 search requests a week, with 500 search results returned at a time and 50,000 ISIN create requests per week.

2023 User Fees:

- Search Only API User €24,810 per invoicing period
- Standard User   €49,615 per invoicing period
- Power User   €148,865 per invoicing period

API functionality requires more infrastructure and support costs than GUI User Types. The DSB request industry considers whether the infrastructure and support costs should be reflected in the fee, adjusting the Search Only API User Type fee to 1/3 of a Power User which is equivalent to the Standard User fee.

DSB Proposal for next steps:

Subject to industry feedback, any proposed changes to the Search Only API User Type Fee will be presented to the DSB Board for approval prior to being reflected in the fee model variables and user fee determination for 2024.

Cost Estimates:

There are no cost implications.

5.5   Any other comments

This section is an opportunity for respondents to provide feedback and commentary on any other aspects of the DSB services.

6 Appendices

6.1 Appendix 1 - Cost Basis 2023

Annual user fees recover the DSB overhead costs. The total estimated annual overhead upon which the cost-recovery fees were calculated for 2023 is €11,550K, which is in line with the amount previously communicated[12]. The fee calculation was based on the contracts in force as of 1 October 2022 and the user categories those contracts represent. Excess revenues caused by additional contracts signed after 1 January 2023 will go to defraying user fees for the next contract year following completion of the 2023 financial audit.

The tables below show the breakdown of the 2023 Estimated Total DSB Cost of €11,550K on 5 October 2022, following feedback received as part of the industry consultation in 2022 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	€8,604K
Management	Senior management team including MD, MSP management team and CFO	€1,321K
Administration	Administrative costs and overheads such as office space, travel and expenses and administrative support functions	€1,193K
External consultants	External oversight and legal, professional & communication	€498K
Previous Year Operating Expenditure Adjustment	**Excess Fee Income reduction based on the DSB Statutory Accounts 2021**	**-€804K**
Total		**€10,812K**

Category (Time-limited)	Description	Amount
Build Costs / Capex	Amortization of build costs 2019-2022	€743K
Total		**€743K**

---

[12] https://www.anna-dsb.com/fee-model-variables/

6.2   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 but, also due to operational savings:

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

Excess Fee Income will be used to reduce the costs of the DSB for the year following the audited financial accounts and, will form part of the fee model variables to be fixed on the day as notified by DSB which shall in be no later than the end of the first Working Day in December each year. The DSB assumes that most users will roll their annual contracts with the utility.

Annual fees are currently determined in the first week of October.

7 Consultation Response Form 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 user needs in more detail and include anonymized statistics as part of the second consultation report
- Responses must be received by 5pm UTC on Wednesday 31st May 2023
- A webinar to address consultation related queries will take place on Tuesday 9th May 2023. Register for the webinar here.

- All consultation related queries should be directed to industry_consultation@anna-dsb.com

Respondent Details

Name	
Email Address	
Company	
Country	United Kingdom
Company Type	Multilateral Trading Facility (MTF)
User Type	Power
Select if response should be anonymous	X

Q#	QUESTION FOR CONSULTATION	PARTICIPANT'S RESPONSE
1	**Summary:** The DSB has been investigating vendors for the Security Operations Centre (SOC) following the 2022 industry consultation exercise. Due to lack of responses, the DSB has investigated an alternative option to introduce Security Incident Event Management (SIEM) Tooling under the umbrella of the existing MSP support function. The two options proposed are: • Third-Party SOC - Outsourced 24x7 SOC, SIEM and security triage • DSB SOC - Enhance existing 24 x 7 DSB support team with additional SIEM tooling and security resource Both options will require an increase in resource as the SOC vendor will not provide root cause analysis or remediation on a security incident. **Question 1: Should the DSB progress with the deployment of a Security Operations Centre with the preferred delivery option being recommended by the TAC?**	We agree with the DSB approach and will provide feedback between options through the TAC consultation
2	**Summary:** As a result of the DSB's 2019 Industry Consultation process, the DSB undertook further analysis to determine the effort required to automate the Proprietary Index process. In 2020, the DSB concluded that the size of the investment could not be justified given the infrequent nature of the Proprietary Index submissions to the DSB. More recently, there has been an increase in the number of Proprietary Index submissions. As the process remains based around email requests, which are processed manually, there are occasions when the requests have been impacted by delayed processing. The revisiting of this topic seeks to obtain feedback on the importance of this process to the users of the service, and to understand if there are ways the service can be improved. **Question 2**: **Is the current Proprietary Index process fit for purpose? If no, then please answer questions 2.2 and 2.3 below.** • **Question 2.2: If the Proprietary Index process is not fit for purpose, what issues have you encountered with the process and what impact have these caused to your organisation?**	The proprietary index process has not been used by our organisation in the past therefore we cannot comment on the relevance of the process.

Q#	QUESTION FOR CONSULTATION	PARTICIPANT'S RESPONSE
	• **Question 2.3: Do you have any suggestions as to how the Proprietary Index process could be improved?**	
3	**Summary:** In advance of each of the last three releases to the Production Environment, the DSB has received a postponement request, each from an individual user. All three requests were received very close to the production implementation date requiring escalation to the DSB Management Team and the TAC. The DSB has been unable to support the release postponement requests as the postponement would impact other users who have undergone preparations to implement the release as scheduled, as well as the need to keep the DSB's release schedule on track. The TAC was also asked to review the DSB's notice period for change and were happy for the DSB to remain with the current notice periods. Industry is asked if they support the proposed improvements to the technical release process to mitigate the recent issues experienced by users. **Question 3: Do you agree with the proposed improvements to the DSB release process as defined in the supporting information?** **Question 3.2: Do you have any other suggestions as to how the DSB can improve its release process to avoid the need for last minute deferral requests?**	We agree with the proposed improvements of the DSB release process.
4	**Summary:** The Search Only API User Type was introduced as a new user type in 2022 after industry support in responses to the 2020 Industry Consultation paper. The Search Only API User Fees were set at 50% of the standard feeds yet API functionality requires more infrastructure and support costs than the GUI user types. Industry is asked if they continue to support the original fee positioning for Search Only API User Type of 50% of the Standard User Fee or if this should be revisited to align with similar programmatic functionality.	We agree the Search Only API user fee should be increased to reflect the infrastructure and support costs. However, we would advise the DSB for a smaller increase or an incremental fee increase over the course of several cycles. The current DSB proposal would incur a 100% fee increase for Search Only API users. Such an increase from a vendor will not be welcome. We note that the current Search Only API users might look for less-costly alternative solutions which would reduce the overall number of users at DSB and could potentially end up increasing other users' fees due to the cost recovery principle.

Q#	QUESTION FOR CONSULTATION	PARTICIPANT'S RESPONSE
	Question 4: Should the Search Only API User Fee be represented as 1/3 of the Power User fee, reflecting the infrastructure and support costs for programmatic connectivity?	
5	Please use this space for any other comments you wish to provide	