Derivatives Service Bureau

2020 Consultation

Industry Consultation Paper 1

Published 9th May 2019

Contents

Executive Summary

Industry feedback is sought on questions that will shape the DSB service in 2020.

The questions contained within this consultation are based on queries and feedback received from industry since the DSB's consultation in 2018. As with prior years, the purpose of this first consultation is to obtain industry's view in order to ensure that the DSB focuses its attention on those potential changes which are the most valuable.

The features identified as most desired by industry (from this first round of consultation) will be subsequently analyzed in greater detail. Associated detail on costs and functionality will be provided as part of the second consultation round to allow industry to provide feedback on whether it wishes the DSB to proceed with implementation in 2020.

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 analyze client needs in more detail and include anonymized statistics as part of the second consultation report

- Responses must be received by 5pm UTC on Wednesday 5th June 2019

- A webinar to address consultation related queries will take place on Thursday 16th May 2019. 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	Sell Side Investment firm
User Type	Power
Select if responses should be anonymous	⊠

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 * Click to Register *	Thu 16th 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

Principles

The table below provides an overview of each of the four key principles used by the DSB when developing the fee model.

Principle	Brief Description
Cost Recovery	The DSB will provide all numbering agency services on a cost recovery basis. From the DSB's perspective, this means that the revenues must be sufficient to ensure that the numbering agency has the financial viability to meet its continuing obligation to provide these services. From the user perspective, it means that the payment for these services does not profit the owners of the utility beyond its maintenance as a financially viable entity. 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 (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.
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

Utilization of the DSB

In 18 months of service, 118 fee paying users[1] have created over 21 million OTC derivative ISINs, with the sell-side driving the vast majority of ISIN creation activity and over 420 firms directly consuming OTC ISIN data[2] – via access to end of day data or searching for OTC reference data information.

The DSB launched its production service with 83 product definition templates available for use, expanded to 87 product definitions by year ending 2018, added a further 6 templates in Q1 2019 and has received Product Committee approval for the introduction of at least 3 additional instruments in Q3 2019. Such developments allow the DSB to remain aligned with product evolution in the OTC derivative markets – with expansion at direct user request.

As set out in recent DSB blogs, the DSB serves two distinct category of users – the OTC record creators (table 1) and data consumers (table 2) who 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).

Table 1 (for ISIN creation activity) shows that the vast majority of data is produced by the sell-side, with the data in table 2 highlighting the comparatively broader range of data consumers, who comprise over 70% of all firms acceding the DSB's services. Readers seeking further detail underlying the data shown below are encouraged to review the DSB Blog available here.
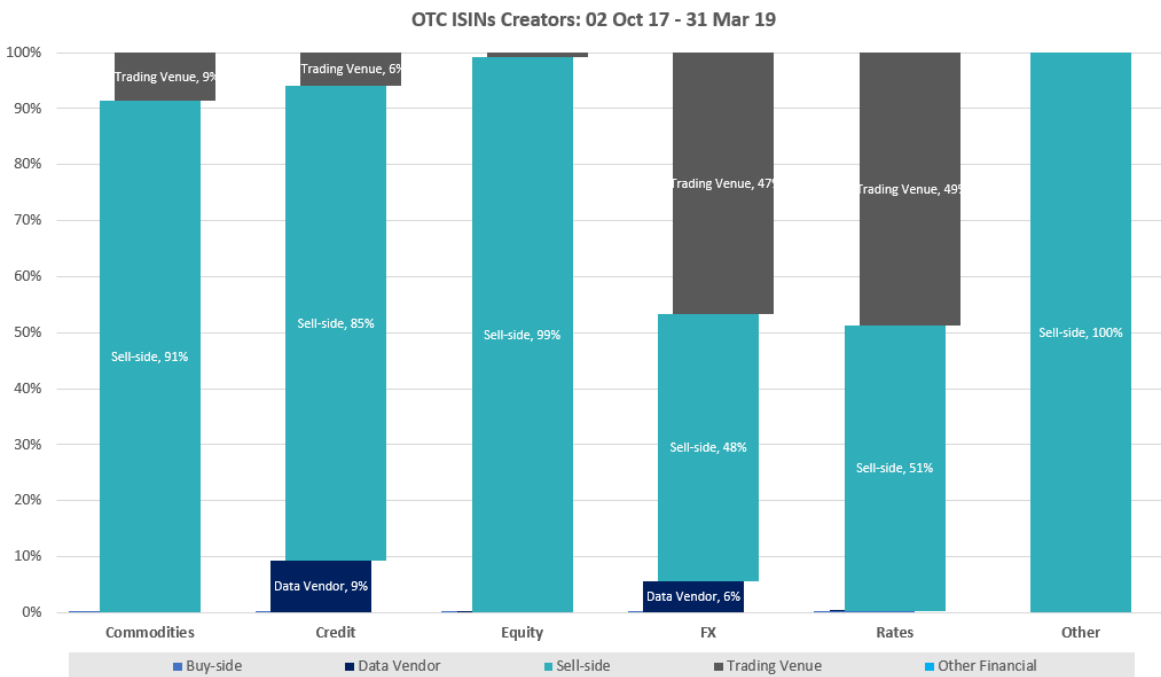

Table 1: Types of firms creating OTC ISINs and/or CFI codes

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[1] Q1 2019 data published here

[2] DSB Q1 19 metrics published here

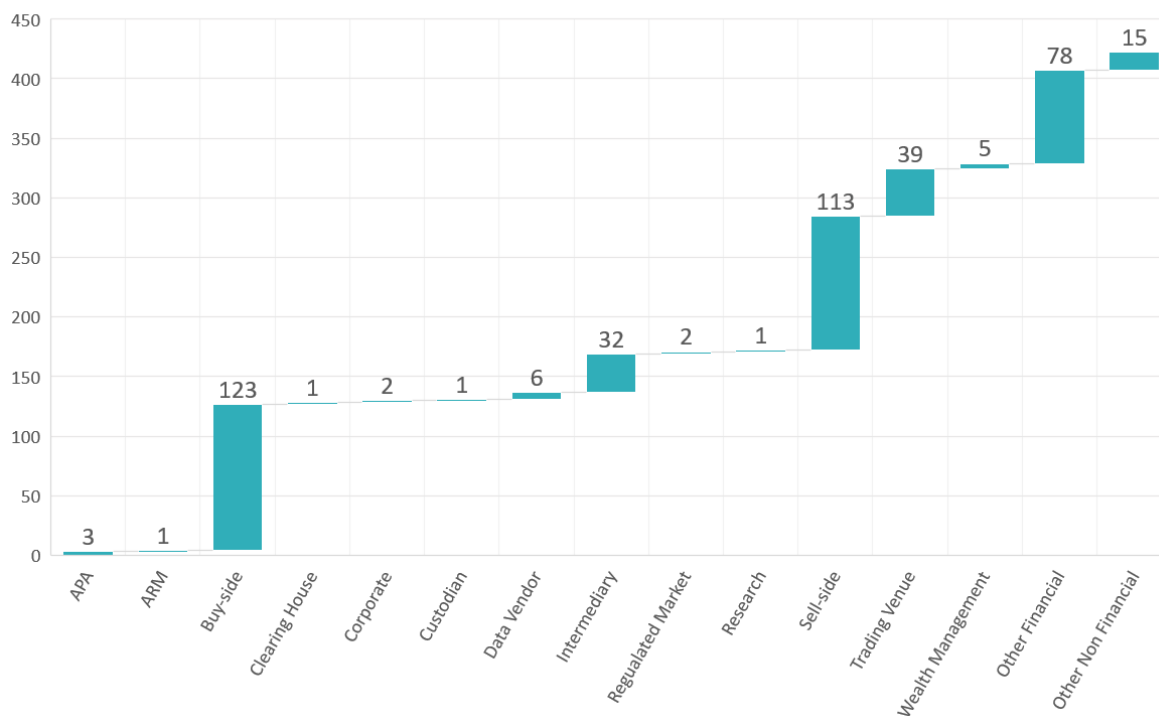**# of Firms Searching for OTC ISIN and CFI data: 2 Oct 17 - 31 Mar 19**

Table 2: Types of firms directly connected to the DSB to search for OTC ISIN and CFI data

As table 2 shows, with over 420 firms connected to the DSB and 118 paying to use the service, most DSB users connect with the service free of cost to search for and download the machine-readable OTC record for use in their internal systems.

The DSB was set up to provide an OTC ISIN and the associated ISIN record to facilitate reference data reporting, a part of MiFID ii. In addition to offering OTC ISIN data, the DSB has also provided CFI codes within each OTC ISIN record – with use of the CFI garnering increased interest from the sell-side and a growing driver for the additional product templates being provided by the DSB.

2018 was a busy year for the DSB, with the following changes delivered to market and the results of last year's consultation have in turn fed into the DSB's 2019 book of work. The DSB delivered the following in 2018:

- 10+ major service enhancements including delivery of ToTV functionality for non-OTC ISINs
- 9 product templates launched
- 3 rounds of industry consultation delivered in alignment with the announced timeline
- Introduction of 24-hour turn-around for proprietary index availability
- Introduction of the DSB Challenge and Change Request Process
- Review of work to support RTS-23.Field 41 enhancements required by ESMA, including creation of a Field 41 FAQ document and a request for the development of a tenor calculator to facilitate industry consistency in broken-dated scenarios
- Proactive enhancement of various data validation and enrichment rules

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 Wednesday 5th June 2019.

Consultation Questions

The following questions focus on areas of service and functionality including data submission processes, service levels, service availability and cybersecurity where user feedback and requests have been received since the DSB's annual consultation in 2018.

In March 2019, the DSB conducted a user fee survey to garner user views on the existing fee model timeline and annual review cycle. The survey was designed to allow DSB users an opportunity to provide early feedback that could feed into the DSB's Group Wide User Agreement Forum and downstream consultation processes.

Reviewing contracts for group entities currently with multiple licenses, while maintaining the DSB values of representation on a fair and equitable basis within the OTC ISIN, CFI and FISN user community is a priority for the DSB. To encourage industry discussion and feedback on this topic, the DSB has extended invitations for participation in a Group-Wide Agreement Forum to discuss possible ways to enhance the User Fee model.

Given the parallel work on user fees and DSB Access and Usage Agreement, together with the feedback from this consultation, a second consultation round will follow providing further details on the proposed functionality and costs for the 2020 service provision.

The questions set out below are drawn from regular user feedback to the DSB, from the DSB's own observations in an evolving regulatory landscape and items proposed by the DSB's industry committees.

#	Question for Consultation	Participant's Response
SECTION 1: FUNCTIONALITY		
1.1	The DSB was originally set up specifically to generate OTC ISINs to meet industry's needs for MiFID II RTS 22 / 23 transaction reporting.	The ability to search all CFI codes may be useful to us.
	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.	From a technical perspective we would prefer improved CFI coverage as part of the existing ISIN generation service. The current model of connecting to a single service for ISIN generation is working for us and we would like to avoid the overhead of connecting to two separate services.
	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	CFI generation can lead to matching breaks and so we are most keen to ensure avoiding any such breaks is avoided.

#	Question for Consultation	Participant's Response
	source, without the need to auto-generate the OTC ISIN or the OTC ISIN data record.

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. | |
| 1.2 | 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.

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? | We do not currently see a need for this service. |
| 1.3 | Currently, most DSB product templates support default values for several attributes (e.g. Delivery Type and Price Multiplier). The provision of defaults is intended to support the user experience, with defaults approved by the DSB Product Committee to reflect the most | |

#	Question for Consultation	Participant's Response
	commonly used values that match prevailing ISO standards.	
a)	Does your firm use the DSB to generate OTC ISINs and/or CFI codes?	Yes
b)	If you answered "yes" to 1.3(a) above - do you consider that the use of default values is helpful in the creation of ISINs by the DSB?	Yes
c)	If you answered "yes" to 1.3(a) above – does your firm rely on the default values supplied in the OTC derivative product templates?	Yes
d)	Have you experienced any problems when using the default values supplied in the OTC derivative product templates? If so, please provide examples of use cases where problems have been experienced.	Yes. Where ONLY defaulted values were used for delivery type, differences between default delivery type (PHYSICAL) used by one party to a trade and user-input delivery type, say, CASH by the other party led to different CFI codes being generated and large numbers of client report rejects. Whilst DSB defaults are key to ensuring ISIN registration flows do not break, our DSB integration always incorporates defaults in conjunction with and secondary to, user-input values
	Data Availability The DSB utilizes a number of sources to support the provision of Reference Rates and Underlying Indices for OTC derivative products. The full list of underlying indices that are supported (excluding user owned proprietary indices) are available here. The DSB currently updates its list of enumerated values as new values become available.	

#		Question for Consultation	Participant's Response
	a)	Does your institution primarily use the DSB to create OTC ISINs and/or CFI codes (programmatically or via the GUI)?	Yes
	b)	Does your institution primarily use the DSB to search for OTC ISINs and/or CFI codes (programmatically or via the GUI)?	Yes
	c)	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?	Yes. We have experienced only a handful of under-reports due to missing index data. We have not experienced rejects due to missing underlying identifiers.
	d)	If you answered "no" to 1.4(c) above – please provide additional sources that should be evaluated for inclusion - based on a global standard that is endorsed by the industry - and state the appropriateness of each source by asset class.	N/A
1.5		DSB GUI: The existing DSB GUI allows users to search and create ISINs as an alternative to Programmatic APIs. The GUI create function allows users to create one ISIN at a time and the search functionality offers a range of searching capabilities for technical users who are familiar with the Lucene programming language as available here.

Please note that this query focuses on the search aspects of the service to allow for the views of the approximately 300 firms using the DSB's GUI based search functionality. | |
| | a) | Does your firm primarily rely on use of the DSB GUI? | No |

#		Question for Consultation	Participant's Response
	b)	The existing DSB GUI search utility requires a degree of technical knowledge for more complex queries. Examples of the current search functionality are set out here. **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?	Our usage of DSB GUI is limited. We primarily rely on programmatic integration to DSB's request / response service
	c)	If you answered "yes" to 1.5(b) above - please can you provide examples of the types of queries you would need to perform through the GUI.	N/A
	d)	Is the existing DSB GUI performing to industry expectations or does it need enhancement – given its role as a meaningful alternative access point?	Not aware of any major deficiencies
	e)	Are there any functions or additional information that your firm wishes to add to the existing features within the DSB GUI?	N/A
1.6		The DSB's template-based architecture is going to be subject to major enhancements over the next twelve months in support of work to provide dynamic enumeration and hierarchy facilitation.	
	a)	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?	Yes – backwards compatibility of breaking template changes to ensure smoother transition period in production.
	b)	If you answered "yes" to 1.6(a) above – could you provide any details of the changes that might improve the system and what benefits would accrue?	A small transitionary period where changes to templates remain backwards compatible in production. This will ensure any misalignments in the release cycles do not cause outages in the service.

#	Question for Consultation	Participant's Response
	SECTION 2: DATA SUBMISSION ENHANCEMENTS	

#	Question for Consultation		Participant's Response
2.1	Proprietary Index Submission Process: 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. This process allows users to submit indices for which they are responsible for later use as an underlying instrument in the creation of OTC derivative product records. The DSB then makes this data available via manual upload on to the DSB website, for download and consumption by users. 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. The DSB currently updates the Proprietary Index list manually with dependency on the information provided by the users. Validation is undertaken to ensure that each index name remains unique.		
	a)	Does your firm make use of the proprietary index submission process?	not that we are aware of from inputting teams
	b)	If you answered "yes" to 2.1(a) above - 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? This would enable users to have changes available in a few days rather than the current 2 to 4-week process.	

#		Question for Consultation	Participant's Response
	c)	Do you consider that there is a need for the new Proprietary Index inclusion timeframe of 24-hours to be reduced?	
	d)	If you answered "yes" to 2.1(c) above - what is the required time (from request) for a Proprietary Index to be made available for the creation of OTC ISINs? Could you provide use cases to support this view?	
	e)	If you answered "yes" to 2.1(a) above - do you want the DSB to investigate the provision of an automated user submission process?	
	f)	If you answered "yes" to 2.1(a) above - do you want the DSB to investigate the automated provision of the full list of proprietary indices in a machine-readable format?	
2.2		Leveraging the recently introduced ISIN <> LEI mapping facility to enhance the quality of credit reference data	
	a)	Does your firm use the DSB to either create or search (direct or via end of day files) for credit derivative reference data?	Yes
	b)	If you answered "yes" to 2.2(a) above – 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?	We would like the DSB to provide the LEI mapping for the ISIN used as the underlying. This would help investigate discrepancies where the same product has two different ISINs because one counterparty uses the LEI as the Ref Ob but the other uses the ISIN of the specific bond.

Longer-term, the DSB should consider whether to enforce only one data standard for the Ref Ob – e.g. only use ISIN or LEI. Different bonds will have different ISINs themselves, so |

#		Question for Consultation	Participant's Response
			if they are used as the Ref Ob then they will generate different ISINs for the CDS overliers. Using LEI as the Ref Ob reduces the level of granularity, but it is easier to source than an ISIN. The industry would need to be consulted over which data standard should take precedence, as is alluded to in question 22.c..
	c)	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. **Question:** If you answered "yes" to 2.2(a) above – 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?	The need for validation to check whether a Ref Ob's ISIN is mapped to a corporate / sovereign / municipal issuer should be driven by how often this occurs today. Could the DSB produce this analysis so that the industry can make an informed decision on whether this occurs sufficiently frequently to justify a control? The impact of using an inappropriate template seems to be that an ISIN would have an inappropriate CFI code. The DSB should also be aware that not every debt instrument has an LEI mapping – e.g. the US NNA has not yet finished its mappings.
	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?	We are not aware of any additional data made available by the ISIN-LEI mapping facility which are relevant to OTC derivatives processing.
	e)	If you answered "yes" to 2.2(d) above – please provide specific examples.	n/a

#	Question for Consultation	Participant's Response
2.3	**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.	
	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?	Yes
	b) If you answered "yes" to 2.3(a) above - should the DSB investigate provision of links to sources that might assist with mapping between the underlying index/reference rate names?	Yes. 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

#		Question for Consultation	Participant's Response
			either in a query would return that same single ISIN.
	c)	If you answered "yes" to 2.3(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?	The DSB should use the identifiers laid out in the MiFID II RTS 22 and RTS 23 annexes – e.g. LIBO for LIBOR, TIBO for TIBOR, etc..
2.4		The DSB undertakes a series of data normalization and data validation checks in the course of OTC derivative product record creation, with the current ruleset available here for all products excluding non-standard instruments and here for non-standard instruments for review. Examples of the best practice published by the DSB is available here. The DSB proactively updates its ruleset in conjunction with support from the Product Committee as part of ongoing data validation exercises. Users are also able to use the DSB's Change Request Process to submit ISIN challenges, with no ISIN challenges having been submitted thus far. **Question:** Do you wish the DSB to prioritize particular aspects of the review process? If yes, please provide specific examples.	How does this review process (leveraging the Product Committee) work today? Does the DSB experience any challenges with this current process? Our view is that only field-level validation (e.g. does the underlying LEI have 20 characters?) should take place or be prioritised. Any ISIN created using a combination of fields that "doesn't make sense" should only exist for the user that made the mistake because no one else would use that ISIN on account of it having irrelevant fields in the ISIN record (although acknowledging that an incorrect ISIN could be propagated by sell-side sharing it with buy-side clients). We would question the value of challenging "incorrect" ISINs. They should exist as a record that no one would ever use, unless they also made a mistake in their query.
SECTION 3: SERVICE LEVELS			
I do 3.1		GUI related amendments:	
	a)	Does your firm primarily rely on use of the DSB GUI?	No

#		Question for Consultation	Participant's Response
	b)	If you answered "yes" to 3.1(a) above - is the creation of one OTC ISIN at a time satisfactory	
	c)	If it is not satisfactory, please could you indicate a (cost effective) acceptable alternative.	
3.2		The DSB currently provides product documentation (attributes, enumerated values, normalisation rules, indices etc.) across several PDF documents that are available to download through the DSB website.	
	a)	Do you believe that making this information available through a searchable on-line utility would be of benefit to the user experience?	Yes
	b)	Can you provide any example online utilities that might provide a model for a DSB offering?	Not aware
3.3		Phone Support: This query was raised last year and has been revisited in light of a number of user requests. Question: Would your firm benefit from having telephone based technical support from the DSB?	No opinion
3.4		Acceptable Use Monitoring and Notification: 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. Question: Should the DSB's AUP monitoring process be extended to warn users when the exceed certain percentage levels of their AUP allocation?	We would be in favour of proactive notification of AUP levels. During periods of high activity we can approach rate limits. We would like to have the ability to bypass standard rate limits for a small time period (e.g. 10min) during bursts of high activity.

#	Question for Consultation	Participant's Response
SECTION 4: SERVICE AVAILABILITY		
4.1	Following feedback from the DSB's second consultation in 2018[3], the DSB increased the availability of its service from 24x6 to 24x6.5 by reducing weekly downtime to between Saturday 20:00 UTC and Sunday 08:00 UTC. The DSB proposes to preserve the 24x6.5 service hours but to change the period of the weekly downtime from between: Saturday 20:00 UTC and Sunday 08:00 UTC to **Sunday 00:30AM UTC and Sunday 12:30PM** The rationale for the proposal is to provide a zero-cost solution to a technical error scenario experienced by some DSB Power Users. The details of the error scenario and the rationale for the change can be found on slides 11 and 12 of the DSB's Technology Advisory Committee (TAC) March 2019 presentation[4]. The TAC has agreed in principle to the change, subject to broader industry agreement that the change will not cause undue difficulties for other users. Further details on the TAC deliberation can be found on page 6 of the TAC minutes[5] **Question**: Should the DSB's downtime hours be change to between **00:30AM Sunday UTC and 12:30PM Sunday UTC?**	no opinion
SECTION 5: CYBERSECURITY		
5.1	The DSB utilises a traditional userid / password mechanism for authentication to the DSB GUI.	Yes – the DSB GUI should support federated authentication/single sign on. This authentication model would allow us to

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[3] https://www.anna-dsb.com/2019-user-fee-and-user-agreement-consultations/#Consultation2

[4] https://www.anna-dsb.com/download/20190313-dsb-tac-report-member-final-01/

[5] https://www.anna-dsb.com/download/dsb-tac-meeting-minutes-13th-march-2019/

#	Question for Consultation	Participant's Response
	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 works[6]. 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. **Question**: Should the DSB GUI support multi-factor authentication to match best practice cyber-authentication guidelines?	ensure that certified users can only access the DSB GUI from within our internal environment and removes any risk of continued usage after an individual has left the firm.
5.2	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 800-64[7] in order to provide: •Early identification and mitigation of security vulnerabilities and misconfigurations; • Awareness of potential engineering challenges caused by mandatory security controls;	Yes

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[6] https://www.nist.gov/itl/tig/back-basics-multi-factor-authentication

[7] https://nvlpubs.nist.gov/nistpubs/Legacy/SP/nistspecialpublication800-64r2.pdf

#	Question for Consultation	Participant's Response
	• 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. **Question**: Should the DSB's Software Development Life Cycle (SDLC) be extended to embed security considerations throughout the SDLC?	
5.3	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[8] (*Information security management systems – Requirements*) and ISO/IEC 27002[9] (*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 organisation's information security risks, taking account of the threats, vulnerabilities, and impacts. **QUESTION:** Should the DSB explore adopting the ISO 2700X standard as its framework for addressing information security risks?	Framework for security incident management should align with industry recognized framework (e.g. NIST)

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[8] https://www.iso.org/obp/ui/#iso:std:iso-iec:27001:ed-2:v1:en

[9] https://www.iso.org/obp/ui/#iso:std:iso-iec:27002:ed-2:v1:en

#	Question for Consultation	Participant's Response
5.4	The DSB currently follows its own proprietary framework for the protection of Personally Identifiable Information (PII). 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 the protection of PII, such as ISO/IEC 27018[10] (*Code of practice for protection of PII in public clouds acting as PII processors*). 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 is systematically implementing controls to mitigate the risk of a PII data breach. **QUESTION:** Should the DSB explore adopting the ISO 27018 standard as its framework for addressing data breach risks on Personally Identifiable Information?	Framework for protection of PII should align with industry recognized framework (e.g. NIST)
5.5	In late 2017, the Financial Stability Board (FSB) provided a stock take of publicly released cybersecurity regulations and guidance[11]. 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.	Yes, this option should be explored in order to give users greater comfort in the DSB's cybersecurity processes. We would also like to see the DSB consider adding additional technology risk support team members to support in answering user queries. Today we struggle to receive responses to our firm mandated technology risk questionnaires due to a lack of resourcing on the DSB side. The impact of any resource addition (CISO or other) on end user fees should be taken into consideration.

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[10] https://www.iso.org/obp/ui/#iso:std:iso-iec:27018:ed-2:v1:en

[11] http://www.fsb.org/wp-content/uploads/P131017-2.pdf

#	Question for Consultation	Participant's Response
	The DSB's cybersecurity function is currently integrated within the core management team in order to achieve a lean management team. **QUESTION:** Should the DSB explore adding a new role of Chief Information Security Officer to its management team?	

SECTION 6: AOB

#	Question for Consultation	Participant's Response
6.1	How would you prioritize the importance of the following to your organization? 	Subject	1=Least and 5=Most Important					Comment
	N/A	1	2	3	4	5	
Improved GUI Experience							
Additional GUI Functionality							
Reduced Template Release Time							
Automated Prop Index Creation							
Re-modelled Template-based Architecture							
Greater range of Underlying IDs							
Greater range of supported products							
Improved Technical Support							
Improved Product Documentation							
Reduced Service Downtime							
Improved Cybersecurity							
Stricter ID Creation Data Validation							
Automated Ref Rate Mapping									
6.2	What other operational enhancements would you like to see the DSB make?	
6.3	What additional services would you like to see the DSB provide? Please provide examples or business cases where relevant.	

#	Question for Consultation	Participant's Response
6.4	What are the top three changes you would like to see the DSB make to better serve your institution's needs (including any that may have been listed above)? Listed in order of preference.	1. Further to our submission to the previous DSB consultation process, DSB has been flagged as a relevant vendor (supporting a core business function) for our compliance with the EU Bank Recovery and Resolution Directive ("BRRD"). We, as with other banks, have developed our policy and required clauses for such agreements (as previously shared with the DSB) but understand DSB would want a universal position. We have yet to see any progress on implementation of such terms and request an update from the DSB on this matter

2. Contractual wording updates to more accurately consider institutions (who are not aggregators) but due to complex legal entity structure and data flow may be captured under the definition of an Intermediary under clause 5.1 which causes an exception issue with respect to clause 3.2 and 3.4 in the user policy.

3. Our processes (similar to other investment firms) require us to complete a Vendor Information Security Review, Application Security Review and BCP review for all critical vendors (this includes the DSB). To date we have struggled to comply with these policies for the DSB relationship because the DSB has been unwilling to answer any bespoke client questionnaires either in writing or verbally. We appreciate that it would be time consuming to accommodate this ask for all clients and so we instead ask that the DSB uplifts their existing FAQ's on each of these technology risk/cybersecurity topics to provide us and other clients with sufficient comfort. The DSB's Business Continuity Plan is particularly brief and insufficient for our requirements. |

#	Question for Consultation	Participant's Response
6.5	Please insert any other comments you wish to provide	We have confirmed our intent to participate in a new "DSB Agreement Forum". This was confirmed on April 12th, 2019 but we have not yet seen any further communications related to this. Please provide an update.