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ANNA Derivatives Service Bureau – Fee Consultation Paper 2

DSB's principles that are proposed to apply to Intermediaries are:

5.5 Intermediary Effect

Intermediaries that act as data aggregators or represent multiple entities will affect the costs borne by direct Power and Standard Users of the DSB.

Intermediaries will be required to identify and categorize each user for which the intermediary is facilitating access to the DSB numbering agency function. Each user will sign the DSB User Agreement and pay their appropriate fee.

Additionally, if the intermediary plans to use the data for their own purposes, they will pay a separate fee in the same manner as any other user. The full details will be provided in the User Agreement.

This approach eliminates any cost advantage in DSB fees to connecting to the DSB via an intermediary or directly.

Anonymous 1 Comments

1. We strongly support DSB's position that the fee model should differentiate between Intermediaries that act as "service facilitators" and those that act for their own purposes.

Service facilitators act as processing agents on behalf of their clients. In this respect, all interactions with DSB are initiated by end clients, and not by the facilitator. This type of intermediary lowers costs to DSB, since (1) the intermediary will maintain the multiple connections to end clients, with only a single FIX connection from the intermediary to DSB, and (2) the intermediary acts as a Level 1 help desk for DSB, lowering the cost to DSB of servicing end clients. There is no revenue loss, since end users will sign their individual agreements with the DSB.

2. The DSB has created 3 user categories – Registered, Standard and Power. Registered users are restricted from requesting ISINs; Standard users can request ISINs through the web UI; and Power users can request ISINs through the FIX connection (and also through the web UI if they choose). It seems likely that DSB intends Standard users to make "a few" ISIN requests (hence limiting use to the UI) and Power users to make "many" ISIN requests (through the FIX connection, which affords a higher degree of automation).

However, intermediaries can have – and are likely to have - a mix of client types. Some end users will make "a few" and some will make "many" ISIN requests. Other intermediaries may also be end clients.

If the intermediary registers as a Power user, with access to the FIX interface, how are we to differentiate between Standard and Power end users? Does DSB intend that all end users of an intermediary will be categorized as Power users, since they will all initiate ISIN requests

that are executed through the FIX interface, even though some users will make only a very few ISIN requests?

It would seem more reasonable and equitable to differentiate between types of users based on activity –for example, number of ISIN requests (or other requests) in a month.

3. We understand and respect the DSB requirement to report on end client transactions/requests that are facilitated by the intermediary. However, we believe it's important for DSB to clarify that any reporting will be on a timeline that is not onerous (for example, monthly). There are other aspects of the reporting that should be clarified – for example, whether intermediaries need to categorize the type of request coming from the end client.

Thank you for this opportunity to comment.