

DERIVATIVES SERVICE BUREAU

2019 USER FEE AND USER AGREEMENT UPDATES – SUMMARY OF PROPOSED CHANGES

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AREAS OF FOCUS

1. Background
2. Utilization Today
3. Consultation Timeline & Format
4. Fee Model Principles
5. 2018 User Categories & Fee Model
6. Key User Category Changes Proposed for 2019
7. User Agreement Structure
8. User Agreement – Lessons Learnt
9. User Agreement – Who Needs to Sign & Usage
10. Additional Items for User Feedback

I. DSB BACKGROUND

What is the DSB?

- A technology **platform** providing ISIN services operated on a **cost recovery** basis
- Within its scope of OTC derivatives, it provides the industry with an archive of International Security Identifier Numbers (**ISINs**) and their associated **instrument reference data**
- It is **global** in design and operation

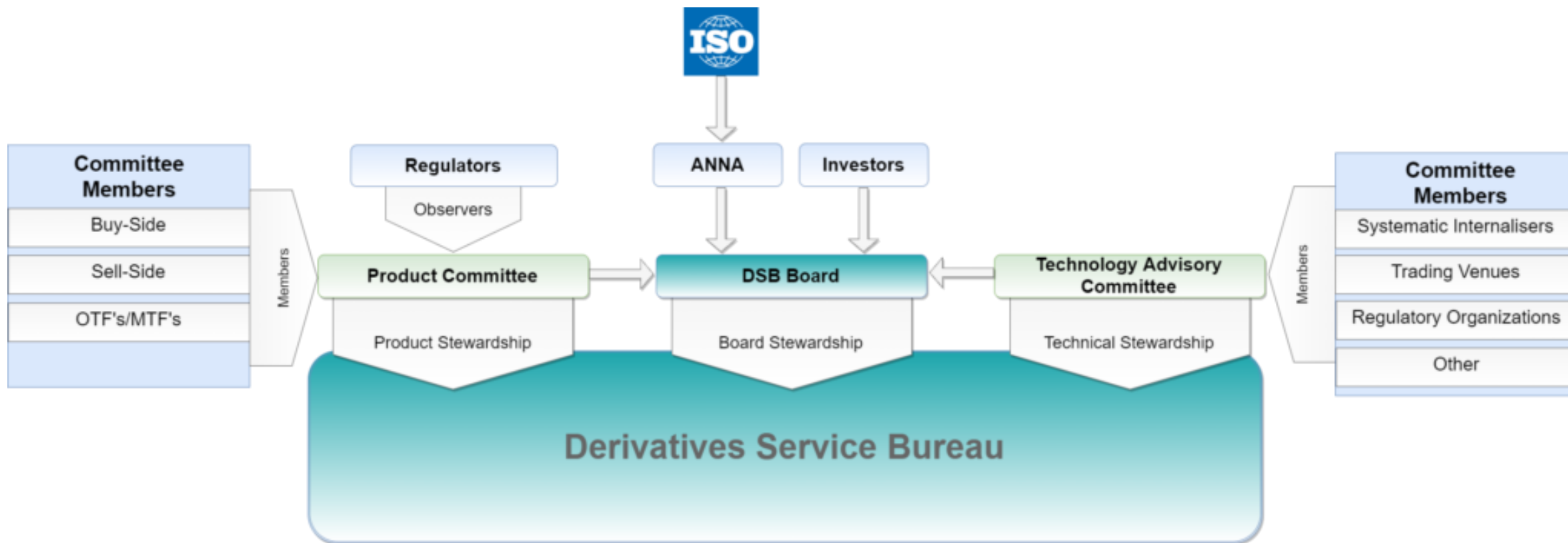
What does the DSB do?

- **ISIN, CFI and FISN generation** for OTC derivative product as required by market participants
- **Distribution of ISINs** and their associated reference data to market participants
- Interaction options include **web interface, programmatic connectivity** and **file download**

Drivers

- **EU regulators** have **mandated** that ISINS identify instruments for **MiFID2 / MiFIR** reporting, including some **OTC derivatives**
- The **DSB** will be the sole source of **ISINs for OTC derivatives** and was engineered to serve the needs of regulators and industry participants, to enable the industry to meet January 2018 deadlines

DSB GOVERNANCE



PRIOR DSB CONSULTATIONS WITH INDUSTRY

1. Technology & Operations – December 2016/ January 2017
2. Product Consultation 1 – December 2016
3. Product Consultation 2 – April/May 2017
4. Fee Model Consultation 1 – January/ February 2017
5. Fee Model Consultation 2 – May 2017

Details available here: <https://www.anna-dsb.com/industry-consultation/>

KEY PRINCIPLES

Industry Stewardship

- Product definitions and maintenance is via industry-led Product Committee of market practitioners
- Technical Advisory Committee being formed to advise on future evolutions of the DSB technology platform to address changing market requirements

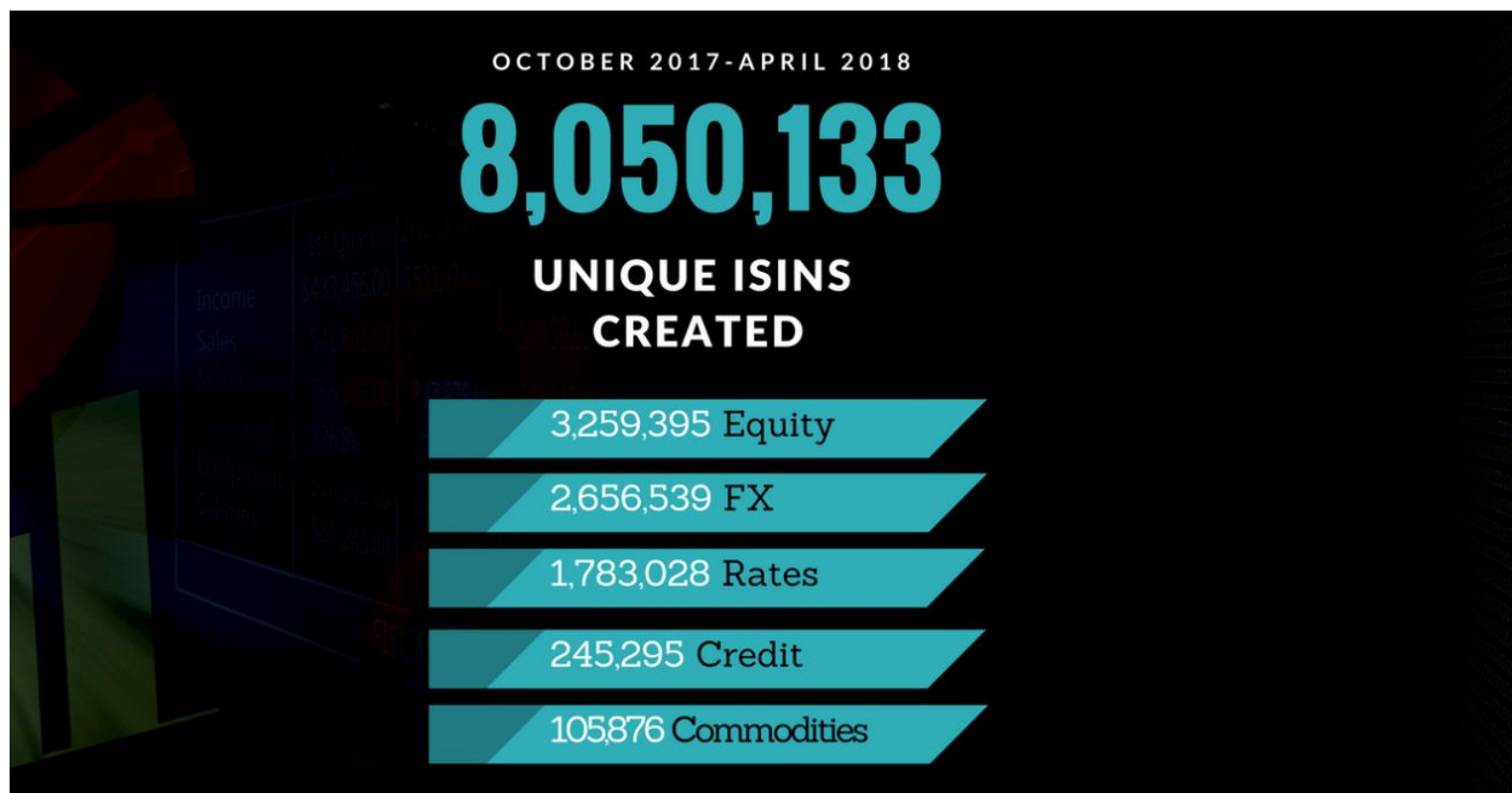
Cost Recovery

- The numbering agency services will be provided on a cost-recovery basis

Reasonable and Non-Discriminatory (RAND) Access and Use

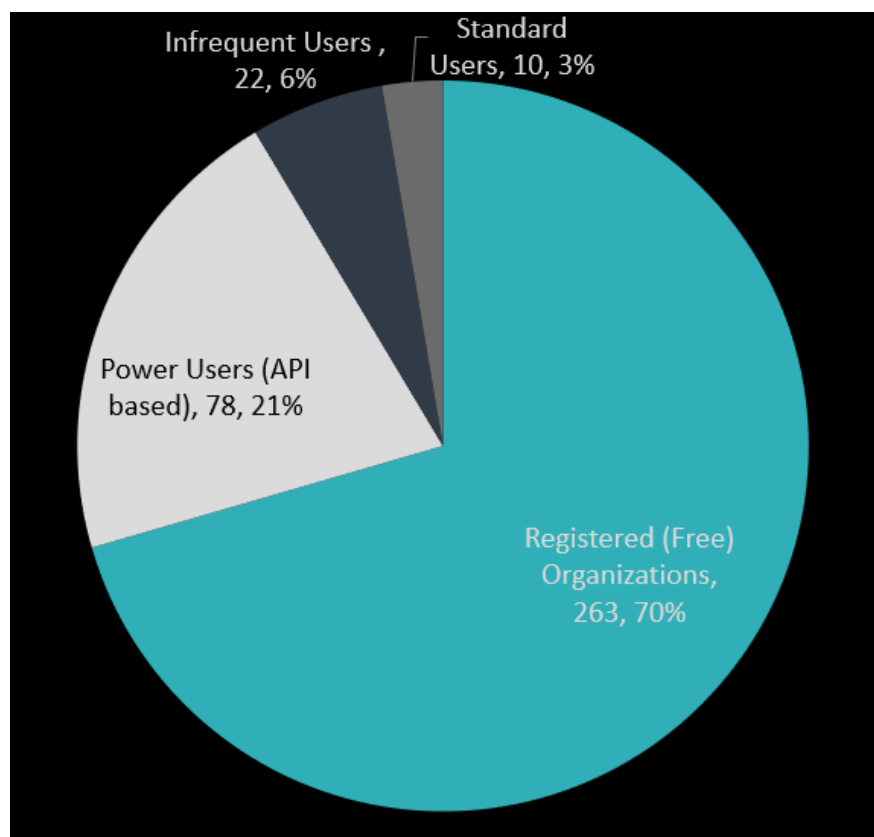
- DSB ISINs and their associated data will have no licensing restrictions on usage and distribution for any purpose as part of the ISIN record
- Access to the DSB archive for consumption of OTC derivative ISINs and associated reference data will be available for free to all registered organizations and users

2. DSB UTILIZATION TODAY



- 70% of firms connected to the DSB obtain data at zero cost
- 10 institutions have created 75% of all DSB ISINs => 3 venues + 7 banks
- Significant voluntary use: 19% of all DSB ISINs have been reported to FIRDS

DSB USER ACTIVITY



Data

- 5 of top 15 institutions creating ISINs are venues
- 10 firms sent 94% of all search requests
- Only 50% of the top 15 firms searching the DSB database have created ISINs

DSB User Count by User Category

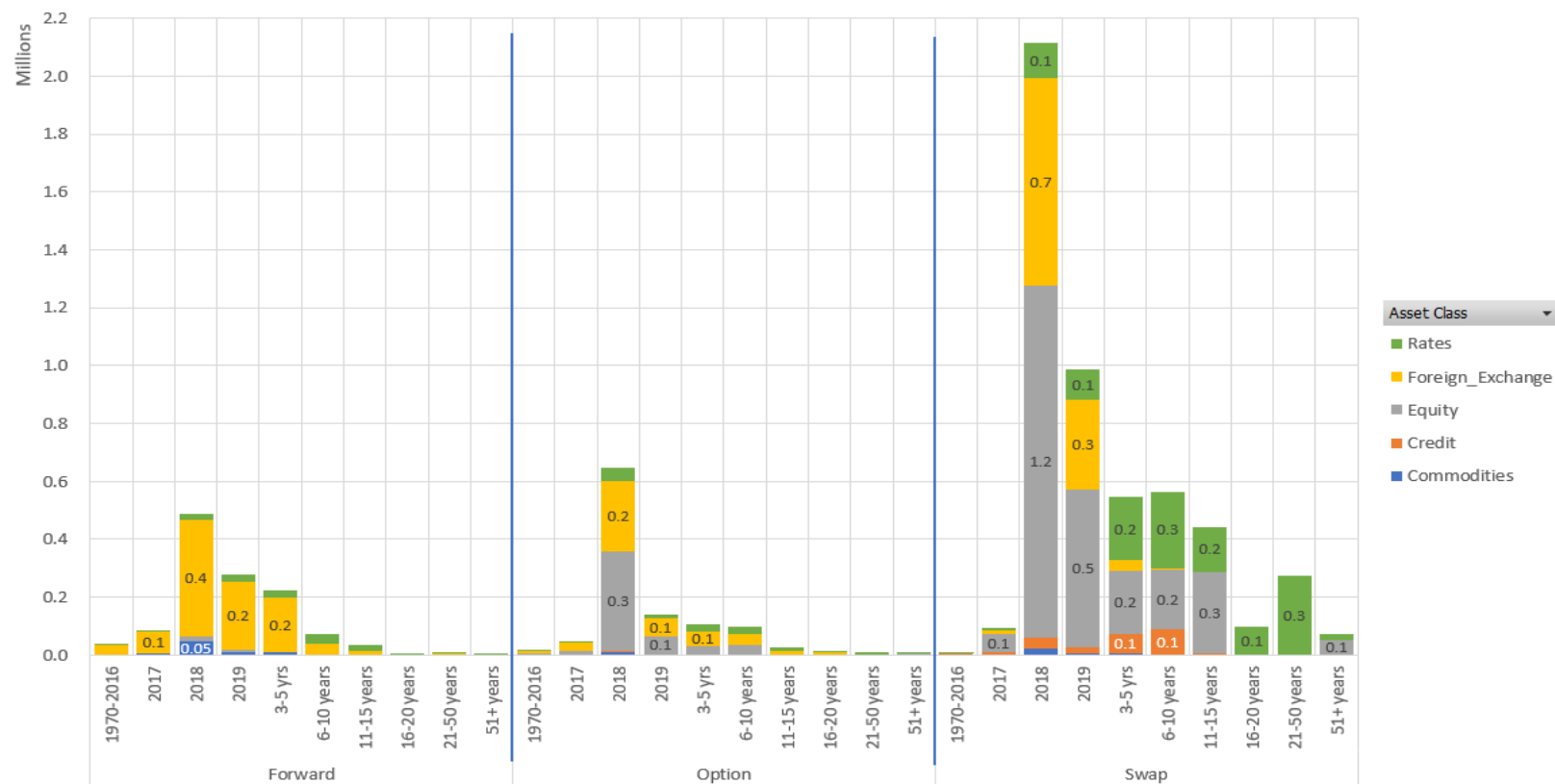
Approximately 2k accounts at 373 organizations

- Registered Users (free) = 263 organizations
- Infrequent Users = 22 organizations + affiliates
- Standard Users = 10 organizations + affiliates
- Power Users = 78 organizations + affiliates

DSB ISIN PROFILE – BY EXPIRY DATE

- 37% of OTC ISINs expire in 2018
- 21% expire in 2019
- 3% of all DSB ISINs have been created for dates before MiFID II

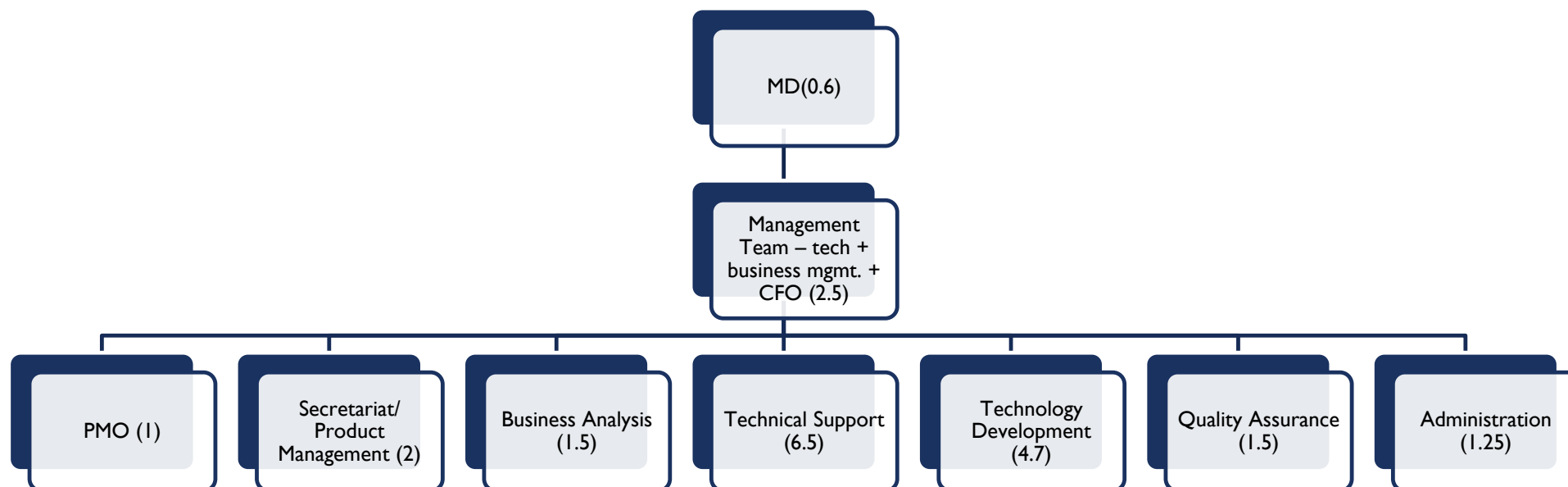
DSB ISIN Expiry Date Profile - by Asset Class & Instrument Type



DSB EXECUTION TEAM

2018: 21.5 FTE supporting 2,000 individual user accounts at 373 institutions + engagement in industry forums

2019: Dependent on service levels desired by industry (ref. section 10)



3. DSB CONSULTATION TIMELINE

| Date | Milestone |
|---------------|--|
| Fri 18-May-18 | DSB Webinar on 2019 Fee Model, User Agreement principles (first consultation) |
| Wed 13-Jun-18 | Deadline for industry feedback on presentation deck from 19 May 2018 |
| Thu 28-Jun-18 | Publication of second DSB consultation |
| Mon 02-Jul-18 | Second DSB webinar on Fee Model & User Agreement Consultation |
| Fri 27-Jul-18 | Deadline for industry feedback on second consultation from 02 July 2018 |
| Mon 20-Aug-18 | Publication final report following second consultation + draft 2019 user agreement |
| Sun 30-Sep-18 | Publication of finalised User Agreement |
| Wed 05-Dec-18 | Finalised 2019 costs + per user fees + # of users (per 2018 Charges Policy) |

PROPOSED FORMAT FOR INDUSTRY RESPONSE

Proposed Format for Industry Responses to the DSB Consultations

- Designed to consolidate industry feedback in a scalable manner
- Consultation responses to be completed using the form available [here](#) and emailed to industry_consultation@anna-dsb.com
- Stipulate whether the respondent wishes the response to be treated as anonymous. Note that all responses are published on the DSB website and are not anonymized unless specific requests are made
- Where applicable, responses should include specific and actionable alternative solution(s) that would be acceptable to the respondent in order to ensure that the DSB can work to reflect the best target solution sought by industry as a whole (within the governance framework of the utility)
- **Responses must be received by 5pm UTC on 13th June 2018**
- All consultation related queries should be directed to industry_consultation@anna-dsb.com

4. DSB FEE MODEL PRINCIPLES

Cost Recovery

- The numbering agency services will be provided on a cost-recovery basis

Unrestricted Data

- DSB ISINs and their associated data will have no licensing restrictions on usage and distribution

Open Access

- Access to the DSB archive for consumption of OTC derivative ISINs and associated reference data will be available to all registered organizations and users

Payment in Advance

- To the extent possible the DSB will levy fees through annual contracts that require payment in advance, in order to provide clarity in aligning fee levels with cost recovery

5. 2018 DSB USER CATEGORIES AND FEES

| | Registered User | Infrequent User | Standard User | Power User |
|---|-----------------|---------------------|----------------------|-----------------------|
| User Fees | € 0 | € 3,000 p.a. | € 37,500 p.a. | € 112,500 p.a. |
| Web Access | | | | |
| Real-time search for ISINs by identifier | ✓ | ✓ | ✓ | ✓ |
| Real-time search for ISINs by attributes | ✓ | ✓ | ✓ | ✓ |
| Maximum # of records returned per search | 5 | 5 | 50 | 500 |
| Create new ISINs | ✗ | ✓ | ✓ | ✓ |
| | | Max 100 per year | Max 5,000 per year | Cap subject to AUP |
| EoD Snapshot - File Download | | | | |
| Access to ISIN + product attributes archive | ✓ | ✓ | ✓ | ✓ |
| ToTV / uToTV flag | ✓ | ✓ | ✓ | ✓ |
| Programmatic Access (FIX API and ReST API) | | | | |
| Create new ISINs | ✗ | ✗ | ✗ | ✓ |
| Search for attributes by ISIN | ✗ | ✗ | ✗ | ✓ |
| Subscribe to today's ISINs | ✗ | ✗ | ✗ | ✓ |
| Maximum number of API connections | ✗ | ✗ | ✗ | 10 |
| Fee Model | | | | |
| Fee payable by user | ✗ | ✓ | ✓ | ✓ |

6. KEY USER CATEGORY CHANGES PROPOSED FOR 2019

- Programmatic User category segmented based on industry use
- Transition of Standard User to API format, including doubling of annual ISIN create request capacity
- Power Users benefit from additional CFI search and/or create request capacity
- Proposed introduction of csv based search results – subject to industry consultation (ref. section 10)
- Proposed introduction of an Excel plug-in – subject to industry consultation (ref. section 10)
- Introduction of a new “Search Only Standard User” category (subject to industry consultation – ref section 10)

PROPOSED 2019 USER TYPES – WEB BASED ACCESS

Registered User

- OTC ISIN record EoD data (I.e. ISIN, CFI, FISN and all OTC record attributes)
- Search via web-based GUI
- ToTV/ uToTV daily files also made available
- CSV search result output (from GUI) also proposed alongside existing JSON file to aid user friendliness (user request driven) – subject to industry feedback to consultation questions

Infrequent User

- OTC ISIN record EoD data (I.e. ISIN, CFI, FISN and all OTC record attributes)
- Search via web-based GUI + up to 100 ISINs creation requests p.a.
- ToTV/ uToTV daily files also made available
- CSV search result output (from GUI) also proposed alongside existing JSON file to aid user friendliness (user request driven) – subject to industry feedback to consultation questions

PROPOSED 2019 USER TYPES – PROGRAMMATIC USERS – I OF III

Downloadable Excel plug-in proposed (subject to industry feedback – ref. section 10) alongside existing FIX & ReST APIs + Web-based GUI Access

Search-Only Standard User

- Intermediate level offering search-only API functionality (i.e. programmatic access to the DSB search capability)
- OTC ISIN record EoD data (i.e. ISIN, CFI, FISN and all OTC record attributes) + ToTV/ uToTV daily files also made available
- Search via web-based GUI
- Retrieve OTC ISIN records (i.e. ISIN, CFI, FISN and all OTC record attributes) via Excel
- Retrieve ToTV/ uToTV status via Excel – subject to industry consultation (ref. section 10)
- CSV search result output (from GUI) also proposed alongside existing JSON file to aid user friendliness (subject to industry feedback – ref. section 10)
- Up to 2,000 API based search requests per week (p.w.) and up to 50 search results at a time

PROPOSED 2019 USER TYPES – PROGRAMMATIC USERS – II OF III

Downloadable Excel plug-in also proposed alongside existing FIX & ReST APIs + Web-based GUI Access (user request driven)

Standard User

- Enhancement of the 2017/18 Standard User category - driven by user requests with higher annual limits, whilst offering the benefits of automated connectivity
- OTC ISIN record EoD data (I.e. ISIN, CFI, FISN and all OTC record attributes) + ToTV/ uToTV daily files also made available
- Search via web-based GUI
- CSV search result output (from GUI) also proposed alongside existing JSON file to aid user friendliness (subject to industry feedback – ref. section 10)
- Up to 200 API based creation requests p.w. + up to 2,000 API based search requests p.w. + up to 50 invalid messages p.w. + the ability to subscribe all DSB intra-day updates – up to 50 search results at a time

PROPOSED 2019 USER TYPES – PROGRAMMATIC USERS – III OF III

Power User

- OTC ISIN record EoD data (I.e. ISIN, CFI, FISN and all OTC record attributes) + ToTV/ uToTV daily files also made available
- Search via web-based GUI
- CSV search result output (from GUI) also proposed alongside existing JSON file to aid user friendliness (user request driven)
- Specific CFI create and/or search functionality made available – with dedicated weekly allowances (up to 50k requests p.c.w.)
- Up to 50k across all API based creation requests p.w. + up to 100k API based search requests p.w. across all + up to 1k invalid messages p.w. across all + the ability to subscribe all DSB intra-day updates – throughput constraints as today

2019 DSB USER CATEGORIES

| User Categories | Registered | Infrequent | Search Only Standard User | Standard | Power |
|---|------------|--------------------|---------------------------|----------------------|----------------------|
| User Fees | € 0 | € 3,000 p.a. | € 12,000 p.a. | 33% of Power User | TBC – ref. page 22 |
| Web Access | | | | | |
| Real-time search for ISINs by identifier | ✓ | ✓ | ✓ | ✓ | ✓ |
| Real-time search for ISINs by attributes | ✓ | ✓ | ✓ | ✓ | ✓ |
| Maximum # of records returned per search | 5 | 5 | 50 | 50 | 500 |
| Create new ISINs | ✗ | ✓ Max 100 per year | ✗ | ✓ Cap subject to AUP | ✓ Cap subject to AUP |
| Download GUI search results in csv format* | ✓ | ✓ | ✓ | ✓ | ✓ |
| File Download | | | | | |
| Access to EoD ISIN + OTC record archive | ✓ | ✓ | ✓ | ✓ | ✓ |
| ToTV / uToTV information | ✓ | ✓ | ✓ | ✓ | ✓ |
| Programmatic Access (FIX API and ReST API) | | | | | |
| Create new ISINs | ✗ | ✗ | ✗ | ✓ 200 p.w. | ✓ |
| Search for attributes by ISIN | ✗ | ✗ | ✓ Excel based – 2k p.w. | ✓ 2,000 p.w. | ✓ |
| Subscribe to today's ISINs | ✗ | ✗ | ✓ | ✓ | ✓ |
| Maximum number of API connections | ✗ | ✗ | 2 | 2 | 10 |
| Excel plug-in* | ✗ | ✗ | ✓ | ✓ | ✓ |
| Fee Model | | | | | |
| Fee payable by user | ✗ | ✓ | ✓ | ✓ | ✓ |

2019 PROPOSED DSB USER FEES

| User Type | 2017-18 Fee | 2019 Fee | Notes |
|----------------------------------|---------------------------------|---|--|
| Registered User | Free | Free | CSV search output now available (subject to industry feedback) |
| Infrequent User | €3k p.a. | €3k p.a. | CSV search output now available (subject to industry feedback) |
| Search Only Standard User | - | €12k p.a. | New category offering Excel plug-in based search capabilities (subject to industry feedback) + API connectivity |
| Standard User | €37.5k p.a. (33% of Power User) | Stays at 33% of Power User = (Total DSB Cost – (# of Infrequent Users * €3,000) – (# of Analytics Users * €12,000)) divided by (# of Standard Users + (3 * # of Power Users)) | Improved annual allowance, now with GUI output in CSV format + API connectivity + Excel plug-in |
| Power User | €112.5k p.a. | Formula unchanged @ 3 * Standard User Fee | Includes GUI search output in CSV format + API connectivity + Excel plug-in + separate CFI create/ search allowances |

7. DSB USER AGREEMENT STRUCTURE

- Core Access and Usage Agreement will apply to all fee paying DSB users
- Accompanied by policy documents that set out service level, fee details, etc.
- The Access and Usage Agreement and associated policies have been created on the basis of ensuring the same terms apply for all users resulting in a common agreement offering parity and equitable treatment for all DSB Users
- 2018 DSB Access and Usage Agreement and Policies are available here: <https://www.anna-dsb.com/fees-rules/>

1. DSB Access and Usage Agreement
2. Policies – living documents:
 - i. DSB Acceptable Use Policy
 - ii. DSB Business Continuity Policy
 - iii. DSB Charges Policy
 - iv. DSB Connectivity Policy
 - v. DSB Cookies Policy
 - vi. DSB Governance Policy
 - vii. DSB Product Policy
 - viii. DSB Privacy Policy
 - ix. DSB Security Policy
 - x. DSB Service Level Policy
 - xi. DSB User Policy

8. DSB USER AGREEMENT - LESSONS LEARNED

The following items relate to the DSB Access & Usage Agreement and accompanying policy documents and reflect lessons learned and/or items of consideration which have arisen from the past six months of activity:

- User categorization to encompass both SIs and Venues on equivalent terms
- Difficulties in tracking FIRDS reporters vs. OTC ISIN creators
- No audit rights at this time – some consumers of Power User Data may be unknowingly cross-subsidizing
- Brexit impact unknown – possible impact on the existing DSB user base
- Bolster policy documents to safeguard DSB infrastructure – driven by varying user integration models
- Charges Policy requires updating for next billing period as well as clarification to language for mid-cycle upgrades
- Some policy documents, or parts there of, have been superseded with more current documentation

9. WHO NEEDS TO SIGN THE AGREEMENT

1. No need to sign the DSB User Agreement if only accessing DSB file download (EoD) data, for usage and/or distribution
2. Firms creating an ISIN (incl. Trading Venues and Systematic Internalisers)
 - i. Each [segment MIC connected to the DSB](#) and reporting DSB ISINs will be treated as a unique DSB user
 - ii. For any other firm seeking access to Power User Data – each of the following categories are considered a unique DSB user & can benefit from affiliate provisions within the same agreement: (i) sell-side entity, (ii) institutional asset management entity, (iii) clearing house, (iv) custodial services entity, (v) wealth management/ private bank entity, (vi) data vendors that want to use the data and (vii) [any other user type seeking access to DSB Power User Data](#)
 - iii. Firms accessing the DSB on a programmatic basis (e.g. FIX, ReST or [proposed Excel APIs](#))
3. Firms receiving or storing intra-day DSB data where the data pertains to ISINs they have not traded, processed, cleared, settled, administered, or reported on any given day
 - i. Middleware firms passing through the DSB data need to sign the agreement to facilitate client business but will not be categorised as fee paying users. Should the middleware firm wish to store, enrich or otherwise communicate the intra-day data they receive, they will also be categorised as a Power User
 - ii. Users who store and/or enrich intra-day DSB data – including the following; storage – in memory, on disk or otherwise; data appended with additional fields; data extracted from the core ISIN record and used as part of other data dissemination features

WHAT CAN DSB USERS DO WITH THE DATA?

1. DSB End of Day Snapshot:
 - **No restrictions**, subject to Third Party Data provisions
2. DSB Intra-day data:
 - **Users who request an ISIN can use the received data to trade, process, clear, settle, administer, or report** (i.e. in the ordinary course of business)
 - **Clients of a trading venue or a SI can receive the DSB ISIN data associated with their executed trade & use the data to trade, process, clear, settle, administer or report** (i.e. in the ordinary course of business)
 - **For off-venue and non-SI trades, firms directly seeking an ISIN for their instruments can transmit the DSB ISIN record to their customers** (i.e. in the ordinary course of business)
 - Intermediaries can onward distribute the data to those users who have the appropriate agreement; and
 - each of the above being subject to Third Party Data provisions

PROPOSED DSB UA CHANGES

- Several items received as part of the previous consultation phase, received too late for inclusion, have been carried over and proposed for inclusion, such as –
 - Clause 1.3 being split in to two parts to bring clarity to the termination rights due to modifications as well as, insertion to the language that modifications relate to the Main Terms as well as the Policies;
 - Clarification in clause 3.1 that granting or restricting access is specific to onboarding;
 - Termination & Suspension clause 16.1 – ensure that DSB does not have the right to terminate due to insolvency where the User/firm is still paying applicable fees;
 - Applicable Laws are very broad and appear to go beyond the scope of he DSB service provision e.g. Clause 16.2;
 - With regards to transfer of the Agreement, addition of ‘...not to be unreasonably withheld’ to clause 20.5 and
 - General editorial corrections such as spelling mistakes and rogue punctuation (1.7, 2.2(b) & 7.1)
- Will include amendments for user request driven changes
 - language to clarify the process for updating the details of the notification nominee in paragraph 18.3
 - language to clarify the process for amending Appendix B
 - language to clarify that in the event of an upgrade a new agreement will need to be signed and that this new agreement supersedes the existing agreement

PROPOSED DSB CHANGES TO THE POLICY DOCUMENTS

- Acceptable Use Policy – Bolster to further safeguard DSB infrastructure, driven by varying user integration models
- Charges Policy – Update for 2019 data once available + clarify language for the mid-cycle upgrade process
- Service Level Policy – minor updates to reflect user integration models
- Connectivity Policy – minor updates to reflect user integration models
- Product Policy – Updated to cater for the evolving nature of product definitions
- User Policy – Update to include clarification that a trading venue is determined by a segment MIC + minor update to reflect Affiliates applies to paragraph 3.2 only

GDPR ACTIVITIES BY THE DSB

- Email seeking ongoing contact acceptance
- Revised terms and conditions for the DSB web interface (GUI)
- Revised DSB Privacy Policy on the DSB GUI & updated reference in the DSB Access & Usage Agreement
- Revised data protection language in section 13 of the DSB Access and Usage Agreement (+ accompanying definition changes)
- Explanatory email to accompany note advising signatories of the DSB User Agreement of the intended changes to accommodate GDPR
- Additional changes to BAU processes

10. ADDITIONAL ITEMS FOR USER FEEDBACK

Industry is requested to provide feedback on the following items:

- User Categorization and Fees
- Functionality
- Service Levels
- Service Availability
- DSB Access and Usage Agreement
- AOB – additional user driven feedback if required

DSB User Consultation is available here: <https://www.anna-dsb.com/industry-consultation/>

FURTHER INFORMATION

- Product documents, user notifications, FAQs & operational status: <https://www.anna-dsb.com/>
- Questions about DSB consultations with industry should be directed to industry_consultation@anna-dsb.com
- Regular DSB blogs: <https://www.anna-dsb.com/blog/>
- Technical documentation: <https://github.com/anna-dsb>
- Request registration by emailing technical.support@anna-dsb.com
- General questions: secretariat@anna-dsb.com

Thank you!