DERIVATIVES SERVICE BUREAU
2019 USER FEE AND USER AGREEMENT UPDATES – SUMMARY OF PROPOSED CHANGES

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1. 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 18 May
Thu 28-Jun-18	Publication of second DSB consultation
Mon 02-Jul-18	Second DSB webinar on Fee Model & User Agreement Consultation
Tue 27-Jul-18	Deadline for industry feedback on second consultation from 02 July
Mon 20-Aug-18	Publication of final report following second consultation + draft 2019 user agreement
Fri 07-Sep-18	Deadline for industry feedback of draft 2019 user agreement
Thu 20-Sep-18	Publication of finalised User Agreement
Mon 08-Oct-18	Estimate fee calculation variables will be made available on DSB website
Wed 05-Dec-18	Finalised 2019 costs + per-user fees + #users (per the Charges Policy)

2. CONSULTATION SUMMARY

- Consultation topics covered the 2019 fee model, functionality, service levels, service availability, the user agreement and user categories

- First consultation May-June: 16 responses representing 20 institutions including 3 trade associations

- Second consultation July-August: 15 responses representing 19 institutions including 4 trade associations

- Technology Advisory Committee provided guidance in matters related to infrastructure, connectivity and disaster recovery

- Several proposed consultation items were discarded and those with industry support are to be carried forward

- Common themes across many responses

  – Broader participation in the DSB governance framework

  – Earlier engagement in budgetary cycle

  – Adaption of the legal agreement to cater for multi-faceted organisations

2. CONSULTATION SUMMARY CONTINUED

- Proposed alternative fee models lacked detail and need more specific industry engagement. Examples of proposals:

  - status quo would be preferable to application of a segment level Market Identifier Code (MIC) based model

  - users should continue to pay based on utilisation of services and infrastructure

  - model based on total message impact

  - evolution toward a data driven fee model

  - a tariff across all MiFID registered firms irrespective of their use of OTC derivative data

  - provision of a cap through availability of a group agreement

  - a combination of fixed and variable costs, such that larger users paid a lower per message fee than smaller users

2. CONSULTATION SUMMARY CONTINUED

- DSB committed to work with industry in 2019 to review and agree the way forward to

  – determine an appropriate fee model, including timelines for the annual fee review cycle, such that both simple and multi-faceted organizations could use a single model to predict expected fees

  – review the user agreement to allow for users to more easily paper with the DSB, such that a single agreement could be used across multiple user categories

- DSB will review alignment of its fee revision cycle with the industry budgetary processes in the course of 2019

- As previously mentioned the DSB will also:

  – publish audited financial accounts following the DSB's first full year of operation

  – make available the ISAE3402 third-party assurance report to users once completed as required by the DSB's governance model

3. 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

4. DSB USER CATEGORIES AND FEES

	Registered User	Infrequent User	Standard User	Power User
User Fees 2018	€ 0	€ 3,000 p.a.	€ 37,500 p.a.	€ 112,500 p.a.
User Fees 2019	€ 0	€ 3,000 p.a.	33% of Power User	€ TBC
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	✗	✓	✓	✓

5. ENTERPRISE USER

- The DSB offers a managed hosting service on a commercial basis, called 'Enterprise User'

- The Enterprise User service provides user-specific hosting of a separate ISIN cache in the cloud on dedicated infrastructure

- The cost is not shared amongst all users only the user subscribing to the service - no associated costs are borne by the broader fee paying community

- The service is available to Power Users seeking dedicated infrastructure services - as the Enterprise Service requires programmatic connectivity

- The current model requires each Power User to have a separate Enterprise User service provision meaning it also does not cater for group entities

- As the service is outside the shared cost-recovery model the DSB foresees an opportunity to work with the respective Users on the contractual aspects, whilst in parallel performing analysis on the technical requirements, for supporting a group entity solution

6. DSB USER AGREEMENT STRUCTURE

- Access and Usage Agreement applies to all fee paying DSB users (Main Terms)

- 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

- DSB published a draft 2019 Access and Usage Agreement and associated policies welcoming industry feedback on 20 August 2018

- In accordance with clauses 1.2 (a) & (b) of the Main Terms, 90 days notice is required for DSB to provide a Variation Notice advising changes

  - No new or additional signature is required; a Variation Notice will be sent to the Notices contact as specified in clause 18.3 of the Main Terms

- Changes not effective until 1 January 2019

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1. DSB Access and Usage Agreement
2. Policies:
   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

7. INDUSTRY FEEDBACK RECEIVED

- Received 3 responses representing 4 users and 1 trade association
  - Users provided specific comments whereas the trade association provided hi-level comments

- Several comments received were not related to the proposed amendments, summary below -
  - Request for a single agreement enabling coverage of all group entities; including group invoicing; a single ingress point and a shared group infrastructure; and intragroup pass-through of data does not mean that an entity is treated as an "Intermediary"
  - Flexibility to add and remove affiliates without requiring DSB consent
  - Clarification of the ownership of IP in the contractual documents
  - Re-working of the definitions of Data such that they refer to the types of data (i.e. intraday or T+1), not the type of User that may access the Data

7. INDUSTRY FEEDBACK RECEIVED - CONTINUED

- Clarification of the trading activity license in the User Policy as to whether it applies also to parties facilitating the listed activities by Users (e.g. the trading venue, APAs, etc.)

- Contract should allow for display-only access to intra-day ISINs by any individual or entity without need for reporting or end-user licensing

- Objections to the one-sidedness of the agreement, particularly the unilateral amendment right the DSB has included

- Objections to the risk allocation provisions

- Objections to the restrictiveness of the access to ISINs, which we believe to be inconsistent with the mandate from ESMA

7. INDUSTRY FEEDBACK RECEIVED CONTINUED

- Comments specific to the proposed changes were -

  - **Access and Usage Agreement new clause 20.6** permitting the DSB to novate the Agreement with the User being deemed to have given consent incorporated as a safeguard in relation to Brexit

    - Recognition the DSB needs flexibility for future events but do not consider it reasonable for this to apply to single agreements (so DSB could transfer the agreement of one User but no others) also consider such transfers should not be to competitor organisations

    - Novation unacceptable without offering the User a termination right as Users should not be forced to be contracted with any party they haven't had the opportunity to vet

  - **User Policy paragraphs 3.2 & 3.4** intended to clarify that entities in categories 3.2 can include Affiliates

    - Wording has introduced a new internal contradiction

    - Section 3.2 has been amended to include a sweep clause in 3.2(g) that means all affiliates are caught by one of (a) to (g) – therefore requiring every affiliate to have a separate agreement and be treated as a separate user for the Charging Policy

8. GDPR ACTIVITIES

- Revised data protection language in section 13 of the DSB Access and Usage Agreement (+ accompanying definition changes) – track changes version available on the DSB website

  - The 2019 amendments utilise the latest version (3.1) maintaining GDPR compliance aspects

- Revised DSB Privacy Policy on the DSB GUI & updated reference in the DSB Access & Usage Agreement

- Revised terms and conditions for the DSB web interface (GUI)

- Additional changes to BAU processes

- Explanatory email to accompany note advising signatories of the DSB User Agreement of the intended changes to accommodate GDPR

9. CHANGES TO DSB ACCESS & USAGE AGREEMENT – MAIN TERMS

- Summary of Proposed Amendments document provides an overview and narrative of all changes to both Main Terms and the Policies

- Amendments relate to content that was specific to the original invoicing period (2017-18), incorporation of industry feedback that was received over the last 12months, as well as editorial corrections:

  - 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

  - New clause 20.6 related to novation introduced to safeguard against Brexit

  - General editorial corrections such as spelling mistakes and rogue punctuation (1.7, 2.2(b) & 7.1)

  - Amendment forms available for changes to Notices contact (18.3) and Affiliates (Appendix B)

  - Several definitions were also updated

10. CHANGES TO THE DSB POLICY DOCUMENTS

- Acceptable Use Policy – update to Third Party Data paragraph to include Markit index subfamily

- Business Continuity Policy – typos rectified

- Charges Policy – update to remove aspects related to 2017-18 invoicing period and align to calendar year cycles. Additionally, going forward, details such as forecasted costs and user numbers will be published and maintained on the DSB website

- Connectivity Policy – removal of message burst rates

- Governance Policy – update to links and inclusion of Technology Advisory Committee

- Product Policy – updated to links and inclusion of Change Request Process

- User Policy – inserted clarification for which entities can include Affiliates under a single agreement

- Security Policy – typos rectified and external party details updated

- Service Level Policy – following outcome of industry consultation availability moving to 24 x 6.5 with elimination of holiday downtime and refinement of latency metrics. TAC will review Availability SLA

11. NEXT STEPS

- 20 September 2018 the final 2019 documentation will be published

- In accordance with clauses 1.2 (a) & (b), 90 days notice is required for DSB to provide a Variation Notice advising the changes

  - No new or additional signature is required; a Variation Notice will be sent to the Notices contact as specified in clause 18.3

- 8 October 2018 estimates of the fee calculation variables will be made available on DSB website

- 5 December 2018 final fee calculation details and fees for 2019 will be made available on DSB website

12. FURTHER INFORMATION

- Industry consultation reports and feedback: https://www.anna-dsb.com/industry-consultation/

- Product documents, user notifications, FAQs & operational status: https://www.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!