

DERIVATIVES SERVICE BUREAU

2020 ACCESS AND USAGE AGREEMENT AND POLICIES

SUMMARY OF AMENDMENTS

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AREAS OF FOCUS

1. Background
2. Governance
3. Key Principles
4. Consultation Timeline
5. Consultation Summary
6. Consultation Questions: Fees & User Agreement
7. Access & Usage Agreement Structure
8. Industry Feedback Received
9. Changes to the Access & Usage Agreement and Policies
10. Next Steps
11. Further Information

I. DSB BACKGROUND

What is the DSB?

- A technology **platform** which can generate an identification hierarchy for OTC derivatives
- 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, operated under the ISO principles including on a **cost recovery** basis

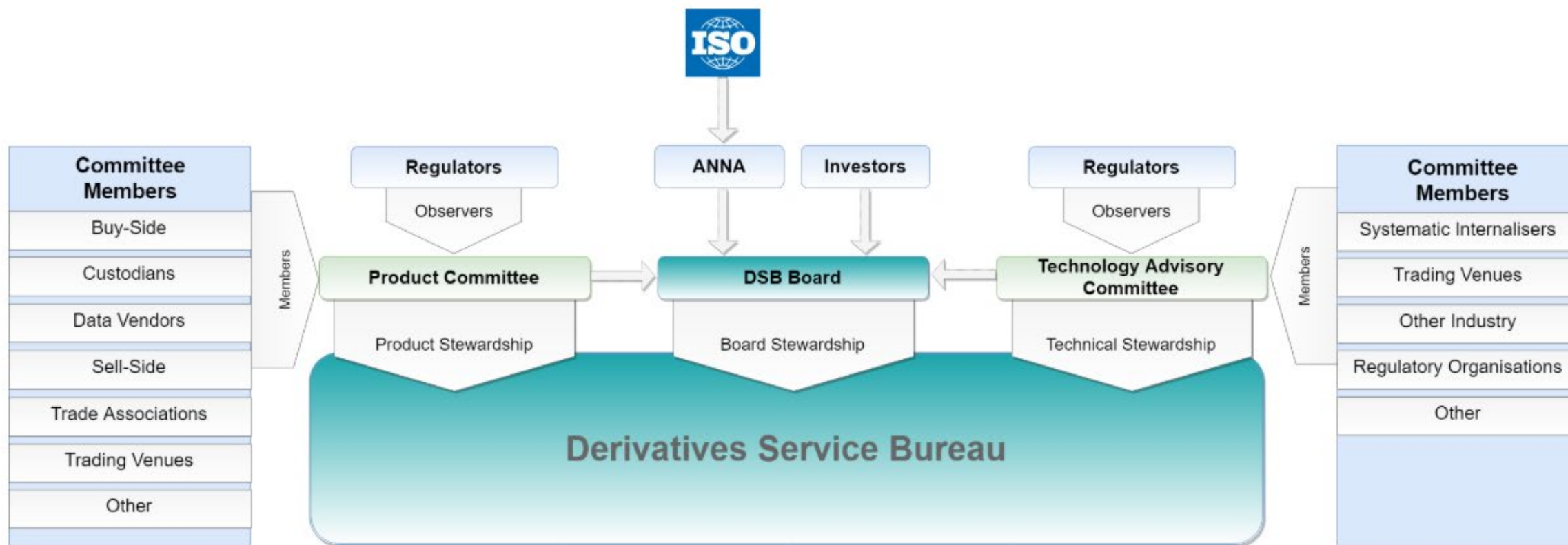
What does the DSB do?

- **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**
- Future generation of **Unique Product Identifiers (UPIs)**

Drivers

- **EU regulators** have **mandated** that ISINS identify instruments for **MiFID2 / MiFIR** reporting, including some **OTC derivatives**
- The **DSB** is 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 regulatory obligations
- The **DSB** has been **designated** by the FSB as the **sole UPI Service Provider** and operator of the Reference Data Library

2. DSB GOVERNANCE



3. DSB KEY PRINCIPLES

Industry Stewardship

- Product definitions and maintenance is via industry-led Product Committee of market practitioners
- Technology Advisory Committee formed to advise on future evolutions of the DSB technology platform to address changing market requirements
- Public and transparent Industry Consultation process is open to all users to shape the evolution of the service

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

4. DSB 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	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



5. CONSULTATION SUMMARY

- Consultation topics covered for 2020 service provision included DSB Functionality; Data Submission Enhancements; Service Levels; Service Availability; Cybersecurity, the Fee Revision Cycle and establishing a User Agreement forum
- First consultation May-June 2019: 15 responses representing 19 institutions including 5 trade associations
- Second consultation July-August 2019: 9 responses representing 12 institutions including 4 trade associations
- Technology Advisory Committee provided guidance in matters related to infrastructure, connectivity, service availability and cybersecurity
- Common themes across responses
 - A desire for greater analysis and evaluation on proposals
 - Earlier visibility of annual fees to allow for appropriate budget planning
- Draft 2020 DSB Access and Usage Agreement and Policies published for industry feedback 19 August-2 September 2019: 1 response representing 3 institutions

6. CONSULTATION QUESTIONS: FEES & USER AGREEMENT 1/2

User Fee Survey – revisited the 6 questions from the March survey

- 26. Preferred annual fee communication timeline – Currently first week of December
 - 27. Cost adjustment for build & run related uplift – Currently only adjusted following annual consultation
 - 28. Should the fee model remain unchanged?
 - 29. Level of discount for multiple agreements – If agreed, what level of discount?
 - 30. Other fee related feedback
- Consensus to bring the fee calculation and publication timeline forward, earlier than the current December timeline however, no consensus on the timeframe that would be most appropriate
 - Amendment to the fee model including discounted fees for those users with multiple agreements means the revenue reduction will need to be recovered by the user base to ensure cost recovery of the service
 - Smaller users should not incur higher fees to support large global institutions
 - Representation and feedback is required across the broad spectrum of DSB uses, not just those with multiple agreements

6. CONSULTATION QUESTIONS: FEES & USER AGREEMENT 2/2

Formation of the DSB Agreement Forum

- To engage an industry forum comprising a broad range of DSB users in order to review the user agreement to allow for users with multiple agreements to more easily contract with the DSB
- DSB extended an invitation to 16 fee paying users across a range of user types and entity categorisations, including those with multiple and single agreements, only 3 parties expressed an interest in participating
- Proposal was approved to move forward with establishment of the DSB Agreement Forum with those participants who have expressed an interest as well as, ask for any other interested parties to express their interest by 1st September 2019
- Once established, the DSB Agreement Forum will commence work in Q4 2019 with the aim for recommendations and proposals to be included in the annual industry consultation in 2020
- Expressions of interest to participate should be directed to secretariat@ANNA-DSB.com

7. DSB ACCESS & USAGE AGREEMENT STRUCTURE

- DSB Access and Usage Agreement (Main Terms) accompanied by policy documents that set out service level, fee details, etc. applies to all fee paying DSB users
- The Access and Usage Agreement and associated policies (the Agreement) 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
- 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 to the Agreement
 - No new or additional signature is required
 - Variation Notice will be sent on 23rd September 2019 to the Notices contact specified in clause 18.3 of the Main Terms
- Changes effective from 1 January 2020

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

8. INDUSTRY FEEDBACK RECEIVED 1/3

- No objections were received to any of the proposed amendments
- Only one (1) response was received, representing 3 users
- Comments received were not related to the proposed amendments, summary below -
 - Clarification of the ownership of IP in the contractual documents
 - The terms in the Agreement ensure the DSB can guarantee all users have unrestricted use of the data as part of the OTC ISIN record
 - 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
 - Current language has not been challenged by any other party; not being reviewed at this stage
 - Definitions are fit for purpose

8. INDUSTRY FEEDBACK RECEIVED 2/3

- The contract should allow for display-only access to intra-day ISINs by any individual or entity without need for reporting or end-user licensing
 - Intermediary reporting is only required for Power User Data (intraday), there is no restriction on usage including display on Registered User Data (end of day)
 - DSB GUI offers access to all data including Power User Data

- Objections to the one-sidedness of the documents, particularly the unilateral amendment right the DSB has included, the risk allocation provisions and the restrictiveness of the access to ISINs, which we believe to be inconsistent with the mandate from ESMA
 - Common agreement which services a broad user base varying in category and type
 - Essential the DSB terms are equitable and offer parity to all users
 - Cannot negotiate bi-lateral or individual agreements at the risk of providing preferential terms to some users over others
 - DSB utilises annual consultation to ensure users have the opportunity to provide feedback before moving forward with any changes
 - Adherence to the RAND principle, including the unrestricted use policy for Registered User Data, means over 70% of DSB users utilise the data free of charge

8. INDUSTRY FEEDBACK RECEIVED 3/3

- 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.)
 - DSB User Policy, paragraph 4.1, makes it clear that ‘A User and its Affiliates and any End Users, may distribute the Data, including Power User Data, to any third party to the extent necessary to trade, clear, settle, administer or report the User’s or its Affiliates Over-the-Counter Derivatives transactions.’

- The Agreement is non-compliant with GDPR and updates to the privacy provisions to account for that recent change in law are expected.
 - The DSB released an amended Agreement in May 2018 to ensure GDPR compliance
 - In the context of GDPR, the DSB is a data Controller
 - Clause 13 of the Agreement sets out each party (DSB and the User)’s obligations to comply with data protection laws on the basis that they are independent data Controllers.
 - In the eventuality of a no-deal Brexit, the DSB will publish a revised DSB Access and Usage Agreement, in accordance with clause 1.2(c), to accommodate the Controller to Controller Standard Contractual Clauses which will be required

9. CHANGES TO DSB ACCESS & USAGE AGREEMENT & POLICIES 1/2

- Summary of Amendments document provides an overview and narrative of all changes to both Main Terms and the Policies
- Changes are a result of industry feedback that has been received over the last 12 months including the annual consultation on the 2020 service provision, updates based on the experience gained from the operational service, as well as editorial, formatting and grammatical corrections:
 - Termination & Suspension, clause 16.6 – update to the User termination notice period from sixty (60) days’ notice to ninety (90) days’ notice
 - Notices, clause 18 – update to the standard notices contact clause, related to legal, administrative and financial matters, to allow for introduction of a technical contact for Breach Notices
 - Appendix A Definitions - A definition of “Breach Notice” has been inserted - defined as “a written notice given by the DSB to the User following breach of the Acceptable Use Policy”
 - Amendment form available for changes to Notices contacts (Clause 18 Amendment)

9. CHANGES TO DSB ACCESS & USAGE AGREEMENT & POLICIES 2/2

- **Acceptable Use Policy** – update to the breach terms
- **Business Continuity Policy** – update to reflect the role of the DSB Technology Advisory Committee in relation to DSB disaster recovery and business continuity
- **Charges Policy** – update based on industry feedback, refer to the [DSB 2020 Consultation Final Report](#) section 6, to allow flexibility for the DSB to provide the [Fee Model Variables](#) (Total DSB Cost, Number of Infrequent Users, Number of Standard Users and Number of Power Users) earlier than the end of the first Working Day in December; update to Infrequent User provisions; inclusion of UAT-Only Programmatic Access Fees
- **Connectivity Policy** – update to accurately reflect the initiation of the on-boarding process
- **Governance Policy** – minor grammatical and formatting changes only
- **Product Policy** – changes to hyperlinks and website references
- **Security Policy** – minor grammatical and formatting changes only
- **Service Level Policy** – following industry consultation feedback availability hours will move on 26 January 2020
From: 24x6.5, Sunday 08:00 to Saturday 20:00 UTC To: 24x6.5, Sunday 12:30 to Sunday 00:30 UTC
- **User Policy** – inclusion of software vendors as an example of a form of Intermediary

10. NEXT STEPS

- **20 September 2019:** The final 2020 legal documentation has been published on the DSB website
 - [Summary of Amendments](#)
 - [DSB Access Usage Agreement and Policies_2020_Final_Redline](#)
 - [DSB Access Usage Agreement and Policies_2020_Final_Clean](#)
- **23 September 2019:** In accordance with clauses 1.2 (a) & (b), 90 days notice is required for DSB to provide a Variation Notice to Users 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
- **By 9 October 2019:** Estimates of the [Fee Model Variables](#) will be made available on DSB website
 - DSB publishes [Fee Model Variables](#) on the website on a quarterly basis
- **1 November 2019:** In accordance with clause 16.6, contract termination for User termination requires sixty (60) days' written notice
- **4 December 2019:** Final fee calculation details and annual fees for 2020 will be made available on DSB website
- **16 December 2019:** Annual fee invoices will be distributed to users
- **1 January 2020:** Changes effective for 2020 Access and Usage Agreement and associated policies

II. FURTHER INFORMATION

- Product documents, user notifications, FAQs & operational status: <https://www.anna-dsb.com/>
- Industry consultation reports and feedback: <https://www.anna-dsb.com/industry-consultation/>
- 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
- DSB Financial Accounts: <https://www.anna-dsb.com/financial-accounts/>
- DSB Fee Model Variables: <https://www.anna-dsb.com/fee-model-variables/>
- DSB User Fees: <https://www.anna-dsb.com/fees-rules-2019/>
- General questions: secretariat@anna-dsb.com

Thank you!