



Derivatives Service Bureau

Industry Views Sought on Proposed Amendments to
Technology, GUI Functionality and Onboarding and Support
Matters

Final Report

30 June 2022

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1 Introduction

The Association of National Numbering Agencies (“ANNA”) founded the Derivatives Service Bureau (DSB) for the allocation and maintenance of International Securities Identification Numbers (ISINs), Classification of Financial Instrument (CFI) codes and Financial Instrument Short Names (FISNs) for OTC derivatives.

The allocation of ISINs to these instruments, as well as the provision of access to the ISIN archive and associated reference data, comprise the numbering agency function of the DSB. This function is overseen by ANNA as the Registration Authority for ISINs under contract with the International Organization for Standardization (ISO) through strict rules over business and technical operations, including limiting user fees to cost recovery.

The European Union’s (EU) MiFID II/ MiFIR regulations mandate the use of ISINs to identify certain OTC derivatives, starting 3rd January 2018. These provisions have also been transitioned into the UK’s current regulatory regime. The affected OTC derivatives include those tradeable on an EU/UK trading venue (ToTV) and those with underlying asset(s) tradeable on a EU/UK trading venue (uToTV). The reporting obligations for these instruments affect trading venues and Systematic Internalisers (SIs)¹. ANNA, after discussions with the industry and ISO, set up the Derivatives Service Bureau (DSB) to assign global, permanent and timely ISINs to OTC derivatives.

The current level of ISIN, CFI and FISN generated by the DSB is designed to enable users to satisfy obligations under MiFID II and MiFIR (EU and UK transitioned), with the capability of an identification hierarchy to be introduced as required by industry, such as the Unique Product Identifier (UPI)², which will be introduced by the DSB in line with the regulatory reporting mandates of the jurisdictions of major derivatives markets. Likewise, the CFI codes provided assist with EMIR Level III reporting to offer a single, consistently generated value that can be absorbed by all users of DSB data.

Upholding the ISO principles, including operating on a cost-recovery basis, the implementation of OTC ISIN, FISN and CFI codes for OTC derivatives has been achieved through ongoing, collaborative work with market participants, authorities and other standards bodies.

The DSB serves a broad community of users – most free of cost – and others on a cost recovery basis, with users having direct input into the primary fee model variables. Users also contribute directly into the service evolution via both an annual consultation process and two industry driven user forums – the Product Committee³ and Technology Advisory Committee⁴. DSB users have multi-channel access⁵ when seeking to create or search for OTC ISIN records containing additional identifiers alongside both input and a range of derived product attributes.

The DSB facilitates access for a range of organization types such as credit institutions, small brokerages, private wealth management firms, boutique asset managers, large, multi-segment and/or multi-market trading venues, derivatives houses from across the buy and sell-sides and universal-bank style sell-side institutions with multiple business segments within a single group holding structure. This consultation requesting feedback to help shape the DSB’s service development has been sent to

¹ As defined in MiFIR

² <https://www.fsb.org/2019/05/fsb-designates-dsb-as-unique-product-identifier-upi-service-provider/>

³ <https://www.anna-dsb.com/product-committee/>

⁴ <https://www.anna-dsb.com/technology-advisory-committee/>

⁵ <https://www.anna-dsb.com/connectivity/>

the DSB's user community, comprising more than 2,500 individuals across approximately 550 organizations.

At the time of publishing this paper, in excess of 78% of institutions using the service access the DSB free of cost as Registered Users, 13% Power Users (organizations – including affiliates - with programmatic connectivity), 7% Infrequent Users – including affiliates (GUI connectivity) and 2% Standard Users – including affiliates (GUI connectivity). Amongst fee paying users; banks and credit institutions contribute towards 48% of DSB fees, trading venues contribute 37% with the balance comprised of the buy-side, data vendors and others.

The DSB continues to see material differences between those who create OTC ISIN records and those that consume the data. More than half of all OTC ISIN records have been created by the sell-side and one-third of all OTC ISIN records were created by trading venues (both MTFs and OTFs). As a comparative, Trading Venues continue to dominate OTC ISIN reporting to FIRDS, with two-thirds of all OTC derivative reference data reported.

Responses to prior consultations have demonstrated that the DSB has become an integrated part of users' business processes, with the DSB receiving significant interest in providing additional OTC derivative reference data related assistance to industry.

This consultation opened on 29th April 2022 and closed on 30th May 2022, with this final consultation report published on 30th June 2022. The consultation paper sought to obtain industry views on a broad range of topics arising from user feedback during the prior 12-month period and to determine appetite for enhancing the DSB's services within the communal cost recovery ring-fence. The document sought to present information for market participants' review and feedback, with the consultation focused on a range of questions relating to transformation work following the detailed technical review of the DSB's cloud infrastructure in 2021, enterprise-wide risk monitoring tools and enhancements to the DSB Graphical User Interface. Market participants' views on continuing to offer Virtual Private Network connectivity as part of the cost recovery service and on the roll-out of the Client Onboarding and Support Platform (COSP) to OTC ISIN Users were also requested.

As part of the DSB's commitment on continued operational efficiency, only one OTC ISIN and CFI service related consultation paper was published in 2022 to enable user fee estimates to be made available earlier in the calendar year, as requested by clients. The consultation paper provided an update on items approved by industry at the time of the last consultation, followed by consultation considerations later in the paper.

In addition to seeking responses on specific topics, respondents also had the ability to provide any general comments in the final section of the response form provided at the end of the paper. Each section of the paper listed the question being asked, supported by analytical context and where the proposed next steps had a cost impact, the associated costs had been itemised to allow industry to understand the cost / benefits associated with each proposal and make a determination with appropriate information at hand.

All proposals assumed the DSB would follow its standard governance process for implementation. i.e.

- Where matters pertain to DSB product templates and associated matters, the DSB provides appropriate analysis to the [Product Committee](#) (PC) to determine prioritization and progress accordingly

- On matters involving DSB infrastructure, workflow and associated matters, the DSB provides appropriate analysis to the [Technology Advisory Committee](#) (TAC) to obtain their views to ensure that the DSB remains aligned with market feedback as it progresses these items

The DSB works to ensure the broad views and needs of the stakeholders lead the direction of development of the service. By working collaboratively, both within the DSB as well as its stakeholder user base, the DSB has been able to ensure all views are considered. In light of the broad spectrum of institutions utilizing the DSB, it was hoped that a representative set of firms would seek to respond to the consultation. Responses were published on the DSB's website, with respondents able to indicate in the response form if they wished the name of their institution to remain anonymous at the point of publication.

The DSB received two responses to this year's consultation, one from a Trade Association and the other who wished to remain anonymous arriving after the deadline. The anonymous response arrived one day after the deadline with an explanation that the deadline was missed due to there being a national holiday on that day. The DSB has included the anonymous responses in the analysis as well as working with the TAC to determine the most appropriate course of action on the technology related items posed in the consultation paper. The TAC were advised of the two responses received as well as informal feedback from one user who advised that they did not disagree with the proposals that had been put forward in the consultation paper. The TAC's advice regarding next steps have been provided on questions one, two and five.

2 Consultation Timeline

* Note that the publication of the draft DSB 2023 Access & Usage Agreement (UA) is much earlier this year as the UA has been updated for inclusion of the UPI.

| Milestone | Date |
|----------------------------------------------------------|------------------------------|
| DSB 2023 draft Access & Usage Agreement (UA) publication | * Tue 12 Apr 2022 |
| Publication of DSB Consultation Paper (CP) | Fri 29 Apr 2022 |
| Webinar | Wed 11 May 2022 |
| Industry feedback on the CP | Fri 29 Apr - Mon 30 May 2022 |
| Final Consultation Report publication | Thu 30 Jun 2022 |
| Deadline for industry feedback on proposed UA changes | Fri 2 Sep 2022 |
| DSB 2023 final UA publication | Wed 28 Sep 2022 |
| User termination notification deadline | Fri 30 Sep 2022 |
| Annual User fees for 2023 calculated | Mon 3 Oct 2022 |
| 2023 User fees published | Wed 5 Oct 2022 |

3 Principles

The following table provides a brief statement on the five key principles relied on by the DSB in development of the Access and Usage Agreement and fee model.

| Principle | Brief Description |
|--------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Cost Recovery | <p>The DSB will provide all numbering agency services on a cost recovery basis. 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.</p> <p>Furthermore, the funding model needs to be sustainable, which includes the need to be efficient and reliable.</p> |
| Unrestricted Data | <p>The DSB intends that no data associated with the definition of an ISIN will have licensing restrictions dictating usage or distribution.</p> <p>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.</p> |
| Open Access | <p>Access to the DSB archive for consumption of OTC derivative ISINs and associated reference data will be available to all organizations and users.</p> |
| Payment in Advance | <p>To the extent possible, the DSB will levy fees through annual contracts that require payment in advance.</p> <p>This advance yearly commitment offers the DSB more clarity in aligning fee levels with cost recovery.</p> <p>For the users, it provides improved ability to forecast their costs for utilising ISIN services.</p> |
| Equal Treatment | <p>As an industry utility, the DSB aims to ensure parity and efficiency in delivery of our service. This includes following standardised processes and procedures for all users of the DSB operating under the cost recovery framework based service.</p> <p>The DSB has a common agreement in place ensuring equal treatment across all users. Any exceptions to the terms are only introduced on the basis that they can be consistently applied across all users without imposing a risk on the service.</p> |

4 Consultation Considerations

4.1 Q1 – Global Agile Architecture

Summary:

The DSB proposed to progress with the recommendations of the Technology Advisory Committee's Cloud Architecture Subcommittee (CASC) by undertaking a two-year programme of work under the governance of the TAC to enhance the DSB's operational processes.

In 2021 the DSB and the TAC undertook two pieces of analysis as part of the 2020 Industry Consultation exercise. These questions related to the DSB's use of the cloud to implement its infrastructure and whether the DSB should consider moving to multiple cloud providers and/or multiple active regions. The analysis was overseen by the CASC, a new subcommittee formed from the existing TAC members.

The CASC produced six recommendations for the DSB to improve on its operational processes as a pre-requisite to these options or other possible solutions.

The six recommendations are:

1. Agility
2. People
3. Process
4. Immutable Infrastructure (Cattle not pets)
5. Continuous Integration / Continuous Deployment
6. Connectivity

The CASC recommendations above were presented to the full TAC membership at a special architecture review meeting of the TAC held on Wednesday 20th April 2022. Full details of this meeting including the CASC summary pack are available on the [DSB Website](#)⁶.

The TAC approved the recommendations from the CASC and requested incorporating this question into this industry consultation paper.

This question was discussed again with the Technology Advisory Committee (TAC) at the meeting on Wednesday 22nd June 2022, further information on this meeting including the recording of the meeting is available on the [DSB website](#)⁶.

Industry Response and Analysis:

Both responses received were supportive of the proposal, however one respondent felt the cost for this work should already be covered by the existing fees.

As an industry utility, the DSB has a lean operational model and the Business As Usual (BAU) budget addresses only the essential items to run the service and to deliver product related changes driven by the Product Committee. Other work items incorporated into the budget are subject to the standard governance process where they are discussed with the Industry Representation Groups with input sought from Industry via consultation, where required, prior to presenting to the DSB Board for consideration and approval.

⁶ <https://www.anna-dsb.com/technology-advisory-committee/>

Cost Estimates:

a) Opex: €625K

Impact on DSB total costs: €625K 2023; €624K 2024; None from 2025 onwards

TAC Review:

The TAC members were supportive of this proposal, with the caveat that there had only been two responses from industry.

DSB Proposal for Next Steps:

The recommendation from the TAC to progress the recommendations from the CASC will now be presented to the DSB Board. If the DSB Board endorse the TAC's recommendation, then:

- The TAC's Charter will be revised to incorporate the additional governance and control activities being undertaken by the TAC to oversee the work of the CASC.
- The GAA topic will be included as a headline item for the TAC's October 2022 meeting:
 - Agree the TAC's governance and oversight of this project including the formation of any subcommittees
 - Agree the Frequency of Review meetings
 - Agree the priority items to be progressed from January 2023
 - DSB to ensure resources are in place to commence this work in January 2023

If the work is approved this will result in an increase of operating expenditure of €625K in 2023 and 2024.

4.2 Q2 – Technology Controls: Tools

Summary:

The DSB proposed to work with the TAC to undertake a detailed review of its enterprise tooling estate, with the aim of creating a proposal to the TAC on how to mitigate cyber and operational risks by strengthening controls and improving visibility, automation and transparency.

The DSB previously submitted the request to review tooling as question 3 of 2021 Consultation process. The question was supported by both Industry and the TAC, however, the question was deferred for one year due to the large amount of work already planned.

The DSB has therefore re-submitted this question again this year and felt that it had additional relevance given the increased focus on controls with regard the ongoing situation in Ukraine and the resulting increased cyber-threat to critical market infrastructures.

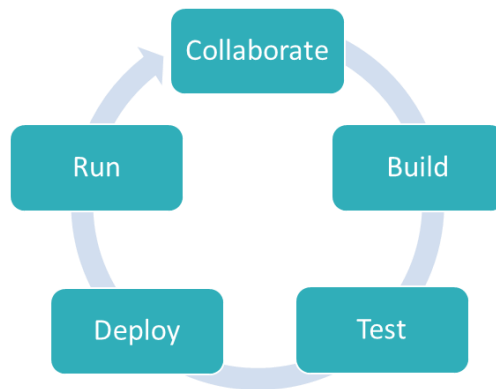
The DSB is proposing to carry out a detailed review of its Enterprise tooling estate to understand how risks can be better mitigated by improving visibility, automation and transparency.

Controls should be multi-layered and predominantly fall into the following categories:

1. Directive
 - *Written user guidance on what should and should not be done*

2. Preventative
 - *Technology controls that restrict what a user can do*
3. Detective
 - *Manage and monitor controls 1 & 2 to ensure policy is adhered to*

This Consultation question focuses on options 2 & 3 above, Preventative and Detective. The review will aim to cover the entire technology lifecycle as depicted by the following diagram:



Industry Response and Analysis:

One of the responses received was supportive of the proposal the other felt that activities such as this should be factored into the BAU budgets. As outlined in the Industry and Response Analysis to item 4.1, the DSB has a lean operational model and the BAU budget addresses only the essential items to run the service and to deliver product related changes driven by the Product Committee.

Cost Estimates:

a) Opex: €155K

Impact on DSB total costs: €155k 2023; None from 2024 onwards

TAC Review:

The TAC members were supportive of this proposal, with the caveat that there had only been two responses from industry.

DSB Proposal for Next Steps:

The recommendation from the TAC to progress the tooling review will now be presented to the DSB Board. If the DSB Board endorse the TAC’s recommendation, then the DSB will:

- Produce a Terms of Reference and share with the TAC ahead of the October 2022 meeting
- Work with the TAC to:
 - Review current toolsets and understand if and how these tools and associated processes can be optimised to support increased operational controls, automation and visibility
 - Provide a risk-based assessment of our existing detective control tools and propose and changes and improvements where required

- Provide a cost benefit analysis associated with any proposed change

If the work is approved this will result in operating expenditure of €155K in 2023.

4.3 Q3 – GUI Search Utility Improvements

Summary:

The existing DSB Graphical User Interface (GUI) provides a search facility that enables the retrieval of OTC ISIN records and their associated reference data using a query script. This query script is designed for use by IT professionals and developers.

The DSB had received feedback that many end users do not have the professional support to enable them to run queries via the GUI. For example, there is no simple mechanism for a user to request the details of an OTC ISIN because the entry of an OTC ISIN in the search box will return the details of the requested OTC ISIN along with all other records that included the entered OTC ISIN as an underlying asset. Additionally, GUI users are limited in the number of records that are returned, which means that the search results may not provide the actual OTC ISIN record amongst the list of returned records.

In response to a [2020 industry consultation](#)⁷ request, the DSB proposed enhancements to the search facilities that would allow a user to search the DSB's database without the need for professional technical support. The DSB PC has reviewed the proposed design and approved its implementation.

Industry Responses and Analysis:

One respondent agreed with the proposal to enhance the GUI functionality service to allow users to more easily search the OTC ISIN database. The other did not reject the proposal but suggested that as their company does not access the system via the GUI, the costs associated with the implementation of these enhancements should only be applied to those specific GUI users.

The DSB appreciates all views and seeks to remind industry that the current fee model has been the subject of extensive consultation to ensure an appropriate balance between different DSB user types and is reliant on a single cost recovery ring-fence whose costs are borne by the entire user base.

Cost Estimates:

- a) Capex: €84K
- b) Opex: €6K per annum

Impact on DSB total costs: €0K in 2023; €27K in each year in 2024-2027; €6K from 2028 onwards.

PC Review:

As mentioned in the summary, the DSB Product Committee were supportive of enhancing the GUI Search Utility.

DSB Proposal for Next Steps:

⁷ <https://www.anna-dsb.com/2020-user-fee-and-user-agreement-consultations/>

The recommendation from the PC and industry to undertake improvements to the GUI Search Utility will now be presented to the DSB Board. If the DSB Board endorse the recommendation then these enhancements will be delivered in 2023.

4.4 Q4 – Support for provision of CFI codes for EMIR

Summary:

Industry had asked the DSB to investigate the effort required to provide a CFI generation service for OTC derivative products in scope for EMIR, so that CFI codes could be obtained without the need to generate the OTC ISIN or the OTC ISIN data record.

This functionality is already available to ReST and FIX API users, but is not currently available through the DSB GUI.

The DSB completed the analysis to extend this functionality to the GUI and presented the proposed solution to the PC who supported the design and implementation of this enhancement.

Industry Responses and Analysis:

One respondent agreed with the proposal to enhance the GUI functionality service to return the product's CFI without generating an OTC ISIN. The other did not reject the proposal but suggested that costs associated with this enhancement should be borne by those specific users who are impacted and require the change.

As mentioned in the analysis to question 3, the DSB must balance the needs of the different user types and relies on a single cost recovery ring-fence whose costs are borne by the entire user base.

Cost Estimates:

- a) Capex: €40K
- b) Opex: €4K per annum

Impact on DSB total costs: €0K in 2023; €14K in each year in 2024-2027; €4K from 2028 onwards.

PC Review:

As mentioned in the summary, the DSB Product Committee were supportive of this enhancement.

DSB Proposal for Next Steps:

The recommendation from the PC and industry to provide a CFI generation service for OTC derivative products in scope for EMIR, so that CFI codes can be obtained without the need to generate the OTC ISIN or the OTC ISIN data record will now be presented to the DSB Board. If the DSB Board endorse the recommendation then this enhancement will be delivered in 2023.

4.5 Q5 – Removal of VPN Connectivity option from Cost Recovery

Summary:

The DSB proposed to remove VPN connectivity from the cost recovery ring fence and make this an option commercial service from 2023.

The DSB has seen a significant reduction in the number of users connecting to the OTC ISIN Service via Virtual Private Network (VPN) connectivity. There are currently two organisations connecting to Production via this option. However, all DSB fee paying users are contributing to the cost of this connectivity option because it is within the DSB's cost recovery ring-fence. There are currently 72 organisations programmatically connecting to the DSB, of these, 2 are connected via VPN.

The DSB already offers an optional connectivity service for users who wish to connect to the DSB's API service via [BT Radianz](#)⁸. Existing DSB users do not contribute to the costs of providing the BT Radianz service as it is an optional service and does not sit within the DSB's cost recovery ring-fence.

The DSB would undertake this migration from its existing resourcing and therefore the full cost saving of €35K p.a. associated with this re-classification can be passed to DSB's users.

Industry Response and Analysis:

The two responses received were supportive of the proposal.

Cost Estimates:

a) Opex: EUR -35k

Impact on DSB total costs: €-35 from 2023 onwards

TAC review:

The TAC members were supportive of this proposal, with the caveat that there had only been two responses from industry. The TAC also commented that the VPN option could be brought back into the cost recovery ring fence in the future should there be a significant shift in popularity of this connectivity option.

DSB Proposal for Next Steps:

In H2 2022, the DSB will work directly with the users who will be impacted by this change from the start of 2023. Due to the low number of VPN users, a commercial service offering is not viable. The DSB will ensure that there is an option of enabling a VPN service in the future, should there be a significant shift in popularity regarding VPN connectivity.

4.6 Q6 – Client Onboarding and Support Platform for OTC ISIN-only clients and client subscribing to both OTC ISIN and UPI

Summary:

As detailed in the [DSB Legal Terms and Conditions Consultation Final Report](#)⁹, the DSB is currently implementing the Client Onboarding and Support Platform (COSP) to provide fee-paying UPI users with a streamlined and scalable on-boarding and user management self-service portal for administration of their UPI Services. Since the outset of the UPI project, the TAC has been consulted

⁸ <https://www.anna-dsb.com/download/dsb-bt-radianz-connectivity-service/>

⁹ <https://www.anna-dsb.com/upi-legal-terms-and-conditions-consultation/>

on and provided oversight for the rationale for the UPI Scalability proposal, the selection of technology solutions to underpin the COSP, the duration of the UAT phase prior to the launch of the UPI Production Service and key COSP design decisions for the UPI Service.

When the COSP and UPI Service are launched, new and existing users of the OTC ISIN Service will continue to use the existing manual OTC ISIN processes to onboard and manage their relationship with the DSB. The COSP will initially only be available to UPI Service users.

The DSB is aware that some users will wish to utilise both the UPI Service and the OTC ISIN Service. For such users, utilising two separate on-boarding and administration models to engage with the DSB's services may result in additional complexity and duplication of data and processes. DSB users who only require the OTC ISIN Service will be left with the existing manual process without the option of accessing the streamlined user portal available to UPI users. Additionally, should the impending implementation of EMIR REFIT result in significant numbers of additional OTC ISIN users, this could negatively impact the DSB's cost structure given the manual processes involved in the existing OTC ISIN system would require increased resourcing.

The DSB and the TAC are currently building a roadmap for a potential roll-out of the COSP to OTC ISIN users to address these identified challenges.

Industry Response and Analysis:

There was one response which was supportive of the proposed streamlined approach for Onboarding and In-Life Management, with a request that certain actions required to be completed via the COSP should be determined based on user type. This is aligned to the functionality currently being implemented in the COSP. For example, set-up and management of API connections is only available to Search-Only API and Power users.

Cost Estimates:

Not applicable at this stage – the DSB had no specific questions on this matter on the basis that any action taken by the DSB or the TAC will have no impact on 2023 costs.

TAC Review:

Not applicable at this stage – this was only a request for initial feedback.

DSB Proposal for Next Steps:

1. In July 2022, the DSB is performing an impact analysis on the EMIR REFIT RTS that was approved by the European Commission in June 2022. The DSB intends to ratify this analysis with ESMA by end August 2022, to confirm the DSB's projections for User demand for OTC ISIN and UPI, and whether a scalable onboarding solution for OTC ISIN Users is required*.
2. The DSB analysis will inform a proposed implementation approach, timeline and cost estimates for COSP extension for consideration by the Technical Advisory Committee and by the DSB Board before the end of Q3 2022.

*Note: Whilst the EMIR REFIT is expected to have a greater impact on User numbers, the DSB will perform an equivalent analysis on the FCA framework once the rules are published.

4.7 Any other comments

The DSB received some additional comments on the current OTC ISIN and future UPI services. The comments indicate strong support of the work of the DSB for the benefit of all stakeholders and the strong governance model that is utilised. The comments highlight that different operational needs are needed and the importance to maintain efficient and reliable services that take into account the latest technical developments.

The responses are available to view on the [DSB Website](#)¹⁰.

¹⁰ <https://www.anna-dsb.com/2023-otc-isin-and-cfi-service-provision-consultation/>