



Derivatives Service Bureau

Industry Views Sought on Proposed Amendments to
Technology and Risk Assessment Matters

Consultation Paper

30 April 2021

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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 Unique Product Identifier (UPI)² which will be introduced by the DSB in July 2022. 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, regulators 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 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 2,600 individuals across approximately 500 organizations.

At the time of this paper, in excess of 70% of institutions using the service access the DSB free of cost as Registered Users, 16% Power Users (organizations – including affiliates - with programmatic connectivity), 8% Infrequent Users – including affiliates (GUI connectivity) and 2% Standard Users – including affiliates (GUI connectivity). Amongst fee paying users; banks and credit institutions contribute towards 58% of DSB fees, trading venues contribute 36% 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 opens on 30th April 2021 and will close on 31st May 2021, with a final consultation report to be published on 1st July 2021. The consultation paper seeks 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 seeks to present information for market participants' review and feedback, with the consultation focused on a range of questions relating to cybersecurity risk assessments, enterprise wide risk monitoring tools and enhanced support for expanding supplier risk assessment questionnaires for the 2022 service provision.

As part of the DSB's commitment on continued operational efficiency, only one OTC ISIN and CFI service related consultation paper will be published in 2021, in order to allow user fee estimates to be made available earlier in the calendar year, as requested by clients. In addition, mindful of the unusual circumstances the world finds itself in due to the COVID-19 pandemic, and DSB users' focus on managing their organizational needs while largely continuing to work from home, this paper contains a reduced number of questions for consultation, so that industry's time and effort is optimized on more narrowly focused questions.

This consultation paper commences by providing an update on items approved by industry at the time of the last consultation, followed by consultation considerations in section 4. Respondents also have the ability to provide any general comments in the final section of the response form provided at the end of this paper.

Each section of this paper lists the question being asked, supported by analytical context and where the proposed next steps have a cost impact, the associated costs have 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 assume the DSB will follow its standard governance process for implementation. i.e.

- Where matters pertain to DSB product templates and associated matters, the DSB will provide appropriate analysis to the [Product Committee](#) (PC) to determine prioritization and progress accordingly;
- On matters involving DSB infrastructure, workflow and associated matters, the DSB will provide 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 is hoped that a representative set of firms will seek to respond to this consultation.

All responses will be published on the DSB's website, with respondents able to indicate in the response form if they wish the name of their institution to remain anonymous at the point of publication. All responses should be submitted using the form provided in section 7 of this paper, and sent to industry_consultation@anna-dsb.com no later than 5pm UTC on 31st May 2021.

An explanatory webinar, also providing an opportunity for industry questions to be addressed, will be held at 1pm UTC (1pm UK, 2pm CET, 8am EST) on Thursday 13th May 2021. All participants are welcome, with a recording to be made available following the event. Registration is required in advance via [this link](#)⁶ or via the DSB website.

Please note that this consultation paper addresses provision of the DSB's existing OTC ISIN and CFI service, and is unrelated to the DSB's ongoing consultation with respect to the UPI.

⁶ <https://anna-dsb-events.webex.com/anna-dsb-events/onstage/g.php?MTID=e494714383614b843ea1e961c1270dc31>

2 Consultation Timeline

Milestone	Date
Publication of DSB Consultation Paper (CP)	Fri 30 Apr 2021
Webinar ** Link to Register **	Thu 13 May 2021
Industry feedback on the CP	Fri 30 Apr - Mon 31 May 2021
Final Consultation Report publication	Thu 1 Jul 2021
DSB 2022 draft Access & Usage Agreement (UA) publication	Tue 10 Aug 2021
Deadline for industry feedback on proposed UA changes	Fri 3 Sep 2021
DSB 2022 final UA publication	Fri 17 Sep 2021
User termination deadline	Fri 1 Oct 2021
Annual User fees for 2022 calculated	Mon 4 Oct 2021
2022 User fees published	Wed 6 Oct 2021

3 Principles

Below is a table with 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 Update on Activities Resulting from the Prior Consultation

Industry participants' views were requested on seven items in the course of the [prior year's consultation paper](#) on subjects such as functionality, data submission enhancements, service availability and user agreement related enhancements. One of the seven items has been completed by the DSB, with three items currently under analysis, and the remaining three items to be reviewed in the course of 2021. Further information is provided below.

4.1 Work in Progress

The following initiatives are currently under analysis by the DSB with updates to be provided to the DSB Product Committee (PC) and the DSB Technology Advisory Committee (TAC), as relevant and noted in the prior consultation paper.

1. **Industry approved the introduction of a structured communication format to aid user**

automation and digitization. The change is to be delivered as part of the DSB's business as usual book of work, and not subject to additional funding requirements.

At the time of the last consultation, the DSB's prevailing notification and information distribution process was manual and designed for human readable purposes, thus increasingly digitized DSB users were unable to systematically review and automatically assign tasks to relevant internal teams – subject to the proposed DSB change - thus impeding the pace of data alignment and operational efficiency for users. The proposed change was also reviewed and approved by the DSB TAC, who oversee workflow related changes as part of their scope.

2. **Introduction of a new DSB user type with the introduction of a "Search Only API User".**

This service is aimed at firms requiring low volume, read-only programmatic access to obtain OTC ISIN data on a bulk and same-day basis, for their internal processing and downstream reporting needs.

The "Search-only API User" will be able to submit up to 2,000 search requests a week and be returned up to 50 results at a time, for a fee set at 50% of the DSB Standard User charge. As with all DSB Users, the "Search-only API User" with search only API functionality would also have access to DSB end of day files and the DSB web-interface. Any fees earned from such a service, would be used to offset the annual fees payable by existing DSB users. The service is expected to come online in 2022.

3. **Introduction of a "One-time data snapshots for download".**

DSB users will be able to request a snapshot of OTC ISIN data within a specified (but variable) date range of their choosing. This service is seen as a way of mitigating risk by obtaining data from the golden source, via a single snapshot. The service will be deployed to each of the DSB's development, test, live and disaster recovery environments, with data transmitted to users via a secure channel.

The fee for the "DSB Snapshot Service" would be variable and based on the volume of data requested i.e. determined by user driven parameters, and any fees earned from this service would be used to offset the annual fees payable by existing DSB users.

4.2 Work to be undertaken in 2021

The following initiatives are expected to commence in the course of 2021 with updates to be provided to the DSB PC and the DSB TAC, as relevant and noted in the prior consultation paper.

1. **OTC Derivative FISN Review.** With the growing reliance on standardized OTC derivative reference data, the DSB has an opportunity to work with industry to achieve alignment with operational

efficiency driven evolving industry practice and enable broader understanding and adoption. Industry approved an examination of whether the existing OTC FISN could be further enhanced to reflect the increasingly operational efficiency and AI driven needs of industry participants. The DSB proposed to conduct a time-boxed piece of analysis that would seek to confirm a common view on the primary enhancements users wish to undertake, with oversight from industry participants at the DSB PC.

The DSB is currently awaiting the outcome of the International Standards Organization (ISO) systematic review process as to whether the FISN standard will undergo a revision, and will continue to liaise with the DSB PC as discussions develop.

2. **Multi-Cloud configuration risk assessment.** Following feedback from the DSB TAC the DSB proposed to undertake a risk assessment in 2021 on the current single cloud operations, together with a cost-benefit analysis of a potential move to a multi-cloud architecture.

The assessment aims to review the current approach of a Single Cloud vendor and its impact or not on our wider resilience goals. This is an exploratory piece of analysis work, with no changes required as part of this initial phase. At the end of the risk assessment the DSB expects to deliver a document, endorsed by the DSB TAC, outlining the options available in relation to a “multi-cloud” model infrastructure deployment.

3. **Single Active Region Risk Assessment.** Following feedback from the DSB TAC, the DSB proposed to perform a risk assessment of its existing model of global connectivity from a single active geographical region, plus analysis of the costs and benefits of mitigating the identified risks by moving to a multi-region connectivity mode.

The objective of the assessment is to undertake a review of the current infrastructure deployment model of having a single active geographic region for the DSB service and investigate the option of globally distributed infrastructure. This is an exploratory piece of analysis work, with no changes required as part of this initial phase. At the end of the assessment the DSB expects to deliver a document, endorsed by the DSB TAC, outlining the options available for the geographic deployment of infrastructure, associated costs and benefits analysis.

4.3 Completed

DSB Governance Policy Dispute Resolution Mechanism. In light of the need for an amended dispute resolution mechanism for the DSB, it was critical that any alternate dispute resolution process did not include aspects where the DSB needs to apply discretion or negotiate terms giving preferential treatment to any individual user.

Industry approved the proposal to update the DSB Disputes and Resolution process from mediation to arbitration, referring disputes to the London Court of International Arbitration (LCIA) and incorporating a small claims procedure. The feedback was incorporated into the subsequent annual industry consultation process for the DSB Access and Usage Agreement conducted in 2020, and is now included in the DSB’s terms and conditions applicable from 1st January 2021.

Summary: DSB users' have in recent months confirmed that they have expanded the scope, frequency and comprehensiveness of their supplier risk assessment methodology to align with industry standards and best practices, and as a result now require substantively more detailed information on a more frequent basis in order to conduct their reassessment of their suppliers, including the DSB.

The DSB is proposing to add to its skill mix in a cost efficient and streamlined manner, so that it can more readily liaise with customers seeking information to provide the enhanced level of support now expected by clients, across an increasingly broader range of supplier risk assessment topics, while also ensuring that information is made available in a transparent and equitable manner to all DSB users.

The additional resources would (a) enable the DSB to start to engage bilaterally with clients about their specific needs, (b) ensure the DSB was sufficiently resourced such that it could review each incoming client query and provide the more detailed responses now being required by DSB fee-paying users' organizations, and (c) ensure that the resulting information could be placed in a centralised location on the DSB's website such that all DSB users could benefit from the additional transparency.

The DSB's streamlined support to facilitate clients' growing supplier risk assessment requirements is aimed at assisting DSB fee-paying-users (who are the only type of DSB user that has cited the need) with enhanced support so that their queries can be addressed in a more consistent and comprehensive manner.

Question 1: Should the DSB support the enhanced supplier risk assessments, subject to a two year review period to determine if DSB fee-paying-user requirements have stabilized?

5 Consultation Considerations

5.1 Q1 – Supporting Enhanced Supplier Risk Assessment Requirements

Supporting Information:

DSB fee-paying-users conduct regular risk assessments of their third-party providers in order to confirm that the suppliers maintain robust control environments that are appropriate for the products and/or services they provide. DSB users' have in recent months confirmed that they have expanded the scope of their risk assessment methodology to align with industry standards and best practices, and as a result now require substantively more detailed information on a more frequent basis in order to conduct their reassessment of the DSB and all other suppliers.

Looking more closely at recent supplier risk assessment questionnaires received by the DSB, DSB fee-paying-users contacting the DSB had an average of 164 questions per institution, usually varying in the level of detail required, the specificity and range of each question, with the expectation of rapid response times that cannot be fulfilled by the DSB's existing resource base as resources are deployed to fulfil business as usual activities and those matters prioritised and progressed based on industry consultation or the DSB industry forums, some examples include, but are not limited to, support for

IBOR reform efforts, ensuring disaster recovery testing, managing cybersecurity standards and supporting transition of the CFI standard.

The minimum number of questions from a single client has been 4, while the at the other end of the spectrum the DSB received a questionnaire containing in excess of 400 queries. Topics on which the DSB has recently been requested to provide additional information include but are not limited to operational resiliency, operational risk and controls, environmental sustainability, supplier diversity, labour rights, workplace safety, corporate social responsibility, compliance, cybersecurity and other know-your-third-party related items.

When requesting the additional level of detail, DSB fee-paying users have cited the following when requesting the additional level of detail:

- Periodic risk assessments of their suppliers are required, a process which protects the integrity of the individual organizations and their customers and to meet their regulatory requirements.
- Any delays in provision of the information on behalf of the DSB are reportable to regulators, subject to the applicable jurisdiction.
- Regular risk assessments are required of their third-party providers in order to confirm that the suppliers maintain robust control environments that are appropriate for the products and/or services they provide.
- There is a continued focus on efforts to build a more inclusive supply chain and workplace, as well as support ethical sourcing practices to reach corporate sustainability goals. The questionnaire completion request is a key proponent of this effort to ensure alignment with their goals and commitments.
- An increased level of detail is expected to be part of their risk monitoring framework moving forward and applicable for all suppliers irrespective of the services provided.

In order to ensure transparency and fair treatment for all DSB users, and mindful of the DSB's industry utility status, the DSB has sought to follow standardised processes and agreements when interacting with users of the DSB service. The DSB seeks to work with clients where practicable in ensuring that all DSB users have access to an equivalent level of information about the service and accompanying infrastructure.

As such, with 130 fee-paying users, and a total of almost 500 institutions connected to the DSB as well as the fact that the DSB operates as a lean cost recovery utility, the DSB has not been in a position to follow each user's bespoke processes and ensure a comprehensive response is available to the full suite of the increasing number of supplier risk assessment queries received by the team. As noted in the section above, DSB fee-paying-users have confirmed their expectation that such supplier risk assessments are expected to grow in frequency, detail, and scope.

To this end, the DSB has created a standard set of documents that address the questions it receives from industry. The documentation is updated on an ongoing basis, and includes but is not limited to the [Third-party Assurance Audit report](#), the [Information Security FAQ](#), [Business Continuity FAQ](#), and a recently introduced [Corporate Social Responsibility FAQ](#) – all of which dovetail with the [DSB's Usage](#)

[and Access Agreement and accompanying policies](#). Existing DSB documentation provides insight into a range of topics such as user on-boarding and off-boarding, data quality and validation, incident response, logical systems access (including elevated privilege), and firewalls and perimeter security.

DSB Proposal for Next Steps:

The DSB is proposing to add to its skill mix in a cost efficient and streamlined manner, so that it can more readily liaise with customers seeking information to provide the enhanced level of support now expected by clients, across an increasingly broader range of supplier risk assessment topics, while also ensuring that information is made available in a transparent and equitable manner to all DSB users.

This approach is aimed at assisting DSB fee-paying-users (who are the only type of DSB user that has cited the need) with enhanced support so that their queries can be addressed in a more consistent and comprehensive manner.

If industry was to approve the additional resources, the DSB would be in a position to better support client requests by working in partnership to understand the specific incoming queries, liaise with internal DSB colleagues to provide responses in sufficient detail, and publish the information so that all DSB users could benefit from the resulting transparency.

The additional resources would (a) enable the DSB to start to engage bilaterally with clients about their specific needs, (b) ensure the DSB was sufficiently resourced such that it could review each incoming client query and provide the more detailed responses now being required by DSB fee-paying users' organizations, and (c) ensure that the resulting information could be placed in a centralised location on the DSB's website such that all DSB users could benefit from the additional transparency.

This approach would create a centralized client-facing DSB hub that enables firms to more easily obtain standardized responses to the increasing range of third party due diligence questionnaires, reducing duplicative processes and enabling DSB resources to continue their focus on supporting users' core business needs as described above.

Cost estimates:

a) Opex: €312,125

Impact on DSB total costs: €312,125K in 2022; €312,125K in 2023; to be determined for 2024 onwards.

The additional resource cost for the enhanced level of support related to risk assessments now required by DSB fee-paying users is €312,125 per annum.

If the additional resources were approved in response to this consultation, the DSB proposes to revert to the industry in two years' time with an update on activities in the interim, so that DSB users were able to opine on whether such resourcing might still be required in light of the operational efficiencies and more streamlined information processing capabilities delivered.

Notably, following launch of the DSB's UPI service expected in July 2022, the DSB will propose and consult with industry in 2023 on a shared cost allocation policy. It is intended that a cost allocation policy would ensure costs are appropriately shared across the OTC ISIN and UPI services. Details of the cost allocation proposal are available in the [DSB UPI Fee Model Consultation Paper 1, section 5.5](#)⁷.

⁷ <https://www.anna-dsb.com/download/dsb-upi-fee-model-consultation-paper-1/>

5.2 Q2 – Security Controls: Security Operations Centre

Summary: The DSB believes it is appropriate to undertake a detailed analysis on the implementation of a Security Operations Centre, either on-site or contracted to a third-party.

Question 2: Should the DSB perform a cost, benefit and risk analysis on the implementation of a Security Operations Centre?

Supporting Information:

As cyber threats over the course of the pandemic have risen by around 280%, it has become clear that the DSB is at increased risk of cyber threats. Additionally, with cybercriminals using more and more sophisticated hacking software, protection has become an increasingly challenging task with the small team involved.

The industry consensus is that a Security Operations Centre is vital to maintaining a solid security posture. Utilising Security Information and Event Management (SIEM) software, with the proper configuration, a Security Operations Centre will help monitor and protect against threats. Cybercriminals are active everywhere globally, and a fully staffed, well equipped Security Operations Centre will help prevent bad actors, both external and internal, from potentially compromising our environments.

With this in mind, the Security team would like to carry out a detailed analysis on the implementation of a Security Operations Centre, either on-site or contracted to a third party, to understand the costs, risks and complexity of how we can better monitor, analyse, report and alert on potential forces acting on the company infrastructure.

DSB Proposal for Next Steps

Subject to the positive feedback, we will work with the TAC to:

- Review the DSB's current monitoring, analysis and reporting structure
- Provide a gap analysis of our existing SIEM infrastructure against what a Security Operations Centre would provide
- Provide analysis on the cost, benefit and risks associated with either:
 - o Utilising an in-house Security Operations Centre
 - o Utilising a third party to manage the DSB Security Operations Centre

Cost estimates:

- a) Opex: €155k

Impact on DSB total costs: €155K in 2022; None from 2023 onwards

5.3 Q3 – Technology Controls: Tools

Summary: The DSB is proposing to undertake a detailed review of their Enterprise tooling estate. Increasing the DSB’s capability for automation, orchestration and controls both preventative and detective within the service.

Question 3: Should the DSB perform a review of the current toolset and identify any areas where services could and should be enhanced or improved?

Supporting Information:

The DSB is working very closely with industry on many matters and a key area of focus is how our industry manages controls and associated risks.

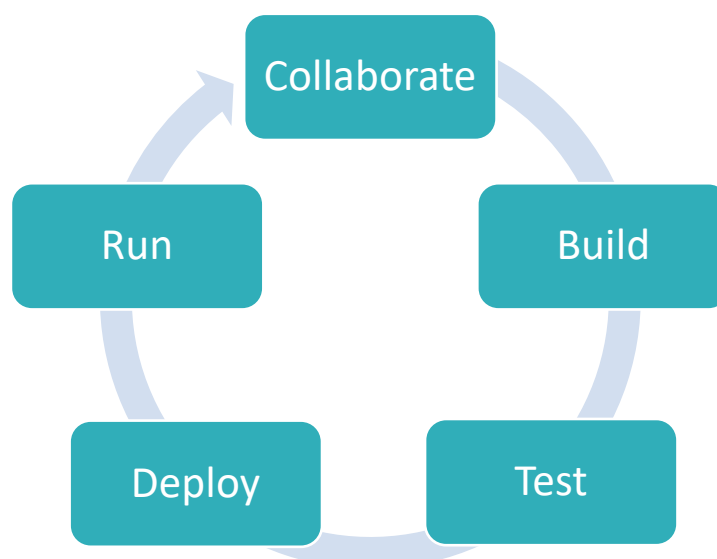
With this mind, the DSB Technology team are proposing to carry out a detailed review of our enterprise tooling in an effort to understand how we can better mitigate risk by improving visibility and transparency.

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

The review will aim to cover the entire technology lifecycle as depicted below.



DSB Proposal for Next Steps

Subject to positive feedback the DSB will work with the TAC in order to:

- Review the DSB's current tooling
- Provide a risk-based assessment of our existing detective control tools and propose and changes and improvements
- Provide a cost benefit analysis associated with any proposed change

Cost estimates:

a) Opex: €155k

Impact on DSB total costs: €155K in 2022; None from 2023 onwards

5.4 Q4 – Cloud Deployment Maturity

Summary: The DSB is proposing to undertake a detailed review of its cloud deployment and the roles and responsibilities of its Service Provision Partner (SPP). This is due to a number of outages experienced, and service improvement opportunities missed by the SPP, which require a more detailed review.

Question 4: Should the DSB perform a detailed technical review of its cloud infrastructure deployment and the role of its Service Provision Partner?

Supporting Information:

Description: Cloud technologies are evolving fast with enhanced functionality and new services arriving daily. AWS, the DSB's Cloud Infrastructure Service Provider released over 1000 major enhancements and 12 brand new services in 2020.

These new services are very focused on improving usability, security, performance, scalability and cost efficiencies, all of interest to a lean and growing organisation such as the DSB.

Although our Service Provision Partner (SPP) manages our day-to-day infrastructure deployment in AWS, the SPP has not identified and proactively proposed any improvements to our existing deployment in the last 18 months, even though there have been significant enhancements by AWS.

We are proposing a very detailed review of how our application infrastructure has been deployed in AWS. This compliments the multi-cloud review which is very focused on the application and operational complexities of operating in a multi-cloud environment.

A well-managed and securely deployed cloud infrastructure is a significant aspect in ensuring Technology controls are managed effectively.

DSB Proposal for Next Steps

Subject to positive feedback we will work with the TAC to:

- Provide a detailed review of our current cloud deployment
- Provide a review of our SPP service in relation to its contractual obligations
- Provide a detailed cost benefit analysis of any proposed change

Cost estimates:

- a) Opex: EUR 120k

Impact on DSB total costs: €120 2022; None from 2023 onwards

5.5 Any other comments

This section is an opportunity for respondents to provide feedback and commentary on any other aspects they believe should be considered.

6 Appendices

6.1 Appendix 1 - Cost Basis 2021

Annual user fees recover the DSB overhead costs. The total estimated annual overhead upon which the cost-recovery fees were calculated for 2021 is €10,49K, which is in line with the amount previously communicated⁸. The fee calculation was based on the contracts in force as of 2 December 2020 and the user categories those contracts represent. Excess revenues caused by additional contracts signed after 1 January 2021 will go to defraying user fees for the next contract year following completion of the 2021 financial audit.

The tables below show the breakdown of the [2021 Estimated Total DSB Cost](#) of €10,49K on 5 October 2020, following feedback received as part of the industry consultations in 2020 and include a 20% margin for financial sustainability:

Category (Recurring)	Description	Amount
Technology & Operations	Operation of the DSB platform including technical and asset class support	€7,001
Management	Senior management team including MD, MSP management team and CFO	€840K
Administration	Administrative costs and overheads such as office space, travel and expenses and administrative support functions	€950K
External consultants	External oversight and legal, professional & communication	€510K
Previous Year Operating Expenditure Adjustment	Reflects the budgeted reduction in user fees	-€422K
Total		€8,879K

Category (Time-limited)	Description	Amount
Start-up costs	Amortization of start-up costs over the first 4 years	€1,553K
Financing costs	Start-up loan interest costs repaid over 4 years	€60K
Total		€1,613K

⁸ <https://www.anna-dsb.com/fee-model-variables/>

6.2 Appendix 2 - Principles for Excess Fee Income Redistribution

The following principles will guide the use of any excess fee income received by the DSB – primarily generated because of late joiners and/ or mid-cycle upgrades but, also due to operational savings:

- 100% of the excess fee income will be passed back to DSB fee-paying Users
- The mechanism used to address any excess fee income received by the DSB should be simple and transparent

Excess Fee Income will be used to reduce the costs of the DSB for the year following the audited financial accounts and, will form part of the fee model variables to be fixed on the day as notified by DSB which shall in be no later than the end of the first Working Day in December each year. The DSB assumes that most users will roll their annual contracts with the utility.

Annual fees are currently determined in the first week of October.

7 Consultation Response Form for Industry

Proposed Format for Industry Responses to the DSB Consultations:

- Consultation responses should be completed using the form below and emailed to industry_consultation@anna-dsb.com
- An option is provided for respondents to stipulate whether the response is to be treated as anonymous. Note that all responses are published on the DSB website and are not anonymized unless a specific request is made
- Where applicable, responses should include specific and actionable alternative solution(s) that would be acceptable to the respondent to ensure that the DSB can work to reflect the best target solution sought by industry (within the governance framework of the utility)
- As with prior consultations, each organization is permitted a single response
- Responses should include details of the type of organization responding to the consultation and its current user category to enable the DSB to analyse client needs in more detail and include anonymized statistics as part of the second consultation report
- Responses must be received by 5pm UTC on Monday 31st May 2021
- A webinar to address consultation related queries will take place on Thursday 13th May 2021. Register for the webinar [here](#).
- All consultation related queries should be directed to industry_consultation@anna-dsb.com

Respondent Details

Name	Jennifer Cole
Email Address	datacontract@bloomberg.net
Company	Bloomberg Finance L.P.
Country	United States
Company Type	Data Vendor
User Type	Power
Select if response should be anonymous	<input type="checkbox"/>
Company	Bloomberg Trading Facility B.V.
Country	Amsterdam
Company Type	Multilateral Trading Facility (MTF)

User Type	Power
Company	Bloomberg Trading Facility Limited
Country	United Kingdom
Company Type	Multilateral Trading Facility (MTF)
User Type	Power

Q#	QUESTION FOR CONSULTATION	PARTICIPANT'S RESPONSE
1	<p>Summary: DSB users' have in recent months confirmed that they have expanded the scope, frequency and comprehensiveness of their supplier risk assessment methodology to align with industry standards and best practices, and as a result now require substantively more detailed information on a more frequent basis in order to conduct their reassessment of their suppliers, including the DSB.</p> <p>The DSB is proposing to add to its skill mix in a cost efficient and streamlined manner, so that it can more readily liaise with customers seeking information to provide the enhanced level of support now expected by clients, across an increasingly broader range of supplier risk assessment topics, while also ensuring that information is made available in a transparent and equitable manner to all DSB users.</p> <p>The additional resources would:</p> <ul style="list-style-type: none"> (a) enable the DSB to start to engage bilaterally with clients about their specific needs (b) ensure the DSB was sufficiently resourced such that it could review each incoming client query and provide the more detailed responses now being required by DSB fee-paying users' organizations 	<p>Response: As a data supplier in a regulated industry this should be something the DSB is accustomed to dealing with and should already be factored into the cost of doing business in this space. Users of third party services are generally required to conduct risk assessments as part of their operations so requests for this type of information should not be new to the DSB. A suggestion may be to charge only those entities that require more extensive questionnaires.</p>

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	<p>(c) ensure that the resulting information could be placed in a centralised location on the DSB's website such that all DSB users could benefit from the additional transparency</p> <p>The DSB's streamlined support to facilitate clients' growing supplier risk assessment requirements is aimed at assisting DSB fee-paying-users (who are the only type of DSB user that has cited the need) with enhanced support so that their queries can be addressed in a more consistent and comprehensive manner.</p> <p>Question 1: Should the DSB support the enhanced supplier risk assessments, subject to a two year review period to determine if DSB fee-paying-user requirements have stabilized?</p>	
2	<p>Summary: The DSB believes it is appropriate to undertake a detailed analysis on the implementation of a Security Operations Centre, either on-site or contracted to a third-party.</p> <p>Question 2: Should the DSB perform a cost, benefit and risk analysis on the implementation of a Security Operations Centre?</p>	<p>Response: It is our position that this should have already been factored into the original cost of doing business. The entire service is conducted online and makes data accessible electronically. As such, this puts them in the position of being subject to security issues. It is unclear why this wasn't already implemented. Given this is something that should have already been factored into the DSB's operating costs we do not feel this is a new cost that should be borne by fee liable users.</p>
3	<p>Summary: The DSB is proposing to undertake a detailed review of their Enterprise tooling estate. Increasing the DSB's capability for automation, orchestration and controls both preventative and detective within the service.</p> <p>Question 3: Should the DSB perform a review of the current toolset and identify any areas where services could and should be enhanced or improved?</p>	<p>Response: It is our position that this periodic review of the DSB's technology should already be a part of their regular operations and it is unclear why this is only now being addressed as a need. As a service that relies entirely on technology it is incumbent upon the DSB to conduct regular reviews of their technology. The results of such reviews may warrant certain upgrades that justify increases in cost for enhanced services, but those costs should be applicable to users accessing those services. There should not be a cost</p>

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		associated with the normal review of technology.
4	<p>Summary: The DSB is proposing to undertake a detailed review of its cloud deployment and the roles and responsibilities of its Service Provision Partner (SPP). This is due to a number of outages experienced, and service improvement opportunities missed by the SPP, which require a more detailed review.</p> <p>Question 4: Should the DSB perform a detailed technical review of its cloud infrastructure deployment and the role of its Service Provision Partner?</p>	<p>Response: It is our position that reviews of cloud storage system are warranted and necessary but fall under the standard operating costs of the business and should already be factored into the DSB's BAU. It is unclear why there should be a cost associated with a review. If a review exposes a need for further enhancements and services that can be addressed separately and assessed for cost.</p>
5	Please use this space for any other comments you wish to provide	