February 3, 2017

To:	ANNA Derivatives Service Bureau			
	c/o DSB-PC-Secretariat@etradingsoftware.com			

Re: Fee Consultation Paper

From: Bloomberg L.P. For questions regarding this response, please contact: Richard C. Robinson (<u>rrobinson57@bloomberg.net</u>) and Richard Young (<u>ryoung94@bloomberg.net</u>)

Responses to questions are as follows;

ANNA DSB Fee Model Response Paper

No.	Question	СР	Response
		Ref	
1	Do you agree that there should be no restriction regarding the organization types able to consume the ISINs and their associated reference data at no charge? If not, please explain your reasoning and provide evidence where possible.	3	We do agree with this principle. However we would like to see more detail on what is and is not included in the reference data made available on this basis by the DSB. This is particularly important given that the attributes to be assigned against ISINs are likely to change over time. 'Consume' does not encompass 'redistribution and use', so clarity would be requested on that. Additionally, while this question asks about not differentiating between organizations, the proposals on fees do have fairly complex differentiations between types of organizations and users and
			charges they will be responsible for.
2	There is a marginal cost associated with registration and onboarding a new organization for access to the DSB. Do you agree that organizations registering with the DSB should not be charged any fee for data access or onboarding? If not, please suggest an alternative approach that is consistent with the principle of 'reasonable cost' access to ISINs for OTC derivatives.	4	We would agree with this principle but note that it is not entirely an accurate picture. Organisations which require data access via a FIX link would appear to be charged an upfront fee for such access. This fee is irrespective of whether the organization only wishes to access ISIN data. We would contend that many organisations requiring only to access ISIN data will thus be charged up front. We would therefore support that organisations requiring only to download data are not charged irrespective of whether they connect by FIX, download or web access. Again, it is not clear what actual costs would be attributed to these activities and why.
3	Do you agree with the DSB	4	There is no way of knowing if this figure is accurate
	estimate of 40 for the number of organizations that will want to		or not, but we would expect that this is a considerable underestimate, given that many firms
	create ISINs? If not, please explain		on both buy and sell side may want to create ISINs in

answer. 4 4 Do you agree with the DSB estimate of 50 for the number of organizations that will want to connect to the service via the FIX network? If not, please provide evidence that supports a different estimate. 4 5 Do you agree with using 2m as a predictive estimate for the number of ISINs the DSB expects to create a given the service or any please explain why and provide any necessary evidence or examples to support your response. 4 5 Do you agree with using 2m as a predictive estimate for the number of ISINs the DSB expects to create a given please explain why and provide any necessary evidence or examples to support your response. 4 6 Given the potential disincentive to be the first requestor to create a given ISIN, do you agree that using the ISIN reporting obligation is a sensible basis for allocating costs (and therefore fees) amongs the regulated entities shot have an asterion canbe made, particularly as the issue of data quality validation is still outstanding, and the resources required to markets. DSB representatives struggle to explain it now and to attempt to implement such a mechanism for which there is already an upfront charge. The residual ISIN creators will use the FIX Access mechanism for which there is already an upfront charge. The residual ISIN creators using uners — what the DSB terms non-regulated. I would expect that trading venues — the so-called Regulated ISIN creators using uners — what the DSB terms non-regulated. I would therefore suges that the DSB simply implement a per usage charge for all non-automated interactions. This could be thered if required to the benefit of larger usage. The residual ISIN creators will use the fix Access mechanism for which there is already an upfront charge. The resi		an alternative estimate and		addition to those with a MiEID obligation
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given that most of the ISIN creation will occur from				given that most of the ISIN creation will occur from

			the FIX connected community who already pay an
			upfront charge.
7	Do you foresee any challenges	4	See the above answer – we don't think it is
/	with using the number of OTC	4	necessary to perform this calculation.
	derivative instruments reported		
	under RTS23 as the mechanism to		
	collect the relevant data to allow		
	the calculation to take place? If		
	not, please explain why and		
	suggest an alternative approach		
	and evidence why that is more		
	appropriate.	_	
8	Is there another group of	4	We would expect that many of the expected
	organizations that will interact		registered users will need to interact with the DSB
	with the DSB and should be taken		using both the FIX (automated) link and the file
	into account when constructing		download and web services. The DSB should plan
	the fee model? If so, please		for a much wider use of all the access mechanisms
	describe them, how their usage		by buy and sell side organisations and data providers
	may differ from that already		 as well as those with an ISIN creation obligation.
	described, and what their		
	potential impact might be on the		
	service.		
9	Having read about the proposed	6	Please see previous answers in terms of our views
	fee model in the above section and		on the unnecessary complexity of aspects of the
	the various fee models considered		proposal. However the biggest problem is that the
	in Section 7 below, do you agree		numbers quoted in the consultation for costs
	that the proposed model offers a		pertaining to the DSB are the key determinant in
	fair and equitable approach to		what will be paid by users. No detailed attempt has
	fees for the numbering agency		been made to justify the £6m figure for the DSB
	function of the DSB? If not, please		costs – it appears to be a figure out of thin air.
	explain your reasons. If possible,		Without knowing how this figure is determined we
	suggest improvements on the		cannot say whether any of this is fair and equitable.
	proposed model.		The importance given to cost recovery exhibited by
	proposed model.		the DSB in the consultation, also casts some doubt
			over claims that costs are volume insensitive. There
			seems in reality to be much uncertainty as to what
			these costs are, and how they will develop over
			time.
			Additionally, we would note that cost is highly
			dependent upon the technical delivery and details
			that are still pending. We have noted our
			disagreement in the other consultations on the
			necessity to use a FIX connection, for example, as
			the function does not seem to match the medium.
10	Do you think there may be	6	As mentioned in a previous answer the complexity
	practical difficulties in executing		and uncertainty inherent in the regulated ISIN
	the proposed model? If so, please		creators fee model will be difficult and costly to
	explain and, if possible, suggest		administer.

	alternative solutions to these challenges.		
11	What other fee models should the DSB consider as part of its deliberations? Please provide an explanation in the form of the examples provided in this paper and evidence the impact on users where possible.	8	It would be better to simplify the approach, especially for non-automated ISIN creators.
12	What additional effects might the presence of intermediary vendors have on the fee model of the DSB? Please provide examples and evidence where possible.	8	Without more clarity in regards to the technical infrastructure, data quality expectations, and reasoning for different tiers of users, it is difficult to provide an appropriate response to this question.